STATE OF CALIFORNIA

MANAGED HEALTH CARE IMPROVEMENT TASK FORCE

BUSINESS MEETING

Friday, November 21, 1997
8:30 A.M.
Morning Session
1201 K Street
12th Floor Conference Room
Sacramento, California

REPORTED BY:
Katherine Gale,
CSR 9793
Our File No. 41049

APPEARANCES:

TASK FORCE MEMBERS:

Dr. Alain Enthoven, Ph.D., Chairman

Dr. Philip Romero

Ms. Alice Singh

Ms. Hattie Skubik

Dr. Bernard Alpert

Ms. Rebecca Bowne

Ms. Barbara Decker

Ms. Jeanne Finberg

Honorable Martin Gallegos

Dr. Bradley Gilbert

Ms. Diane Griffiths

Mr. Terry Hartshorn

Dr. Michael Karpf

Mr. Peter Lee

Dr. J.D. Northway

Ms. Margaret O'Sullivan

Mr. Anthony Rodgers

Dr. Helen Rodriguez-Trias

Ms. Ellen Severoni

Mr. Bruce Spurlock

Mr. David Tirapelle

Mr. Ronald Williams

Mr. Steven Zatkin

Ms. Marjorie Berte

Mr. Michael Shapiro

Ms. Donna Conom

Mr. Peter Hauck

Mr. Clark Kerr

Mr. John Ramey

Mr. Allan Zaremberg

Mr. Leslie Schlaegel

Ms. Stephanie Kauss

STANFORD STAFF:

Ms. Sara Singer

SACRAMENTO, CALIFORNIA, NOVEMBER 21, 1997, 8:30 A.M.

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CHAIRMAN ENTHOVEN: Good morning. The Task Force will now come to order. I'd like to welcome you to this meeting. Thank you very much for giving up the valuable time that you have given up, I really appreciate that.

I'd like to ask Mr. Lawrence Ahn of the task force staff to call role. Once Lawrence has called roll, if we have a quorum, then we'll be able to proceed.

Mr. Ahn.

MR. AHN: Please indicate your presence by saying "here."

Alpert.

DR. ALPERT: Here.

MR. AHN: Armstead. Bowne.

MS. BOWNE: Here.

MR. AHN: Conom.

MS. CONOM: Here.

MR. AHN: Decker.

UNIDENTIFIED SPEAKER: She's here.

MR. AHN: Enthoven.

CHAIRMAN ENTHOVEN: Here.

MR. AHN: Farber. Finberg.

MS. FINBERG: Here.

MR. AHN: Gallegos. Gilbert.

DR. GILBERT: Here.

MR. AHN: Griffiths.

MS. GRIFFITHS: Here.

MR. AHN: Hartshorn.

MR. HARTSHORN: Here.

MR. AHN: Hauck.

MR. HAUCK: Here.

MR. AHN: Hiepler. Karpf. Kerr.

MR. KERR: Here.

MR. AHN: Lee.

MR. LEE: Here.

MR. AHN: Northway.

DR. NORTHWAY: Here.

MR. AHN: O'Sullivan.

MS. O'SULLIVAN: Here.

MR. AHN: Perez.

MR. PEREZ: Here.

MR. AHN: Ramey.

MR. RAMEY: Here.

MR. AHN: Rodgers.

MR. RODGERS: Here.

MR. AHN: Rodriguez-Trias.

DR. RODRIGUEZ-TRIAS: Here.

MR. AHN: Severoni.

MS. SEVERONI: Here.

MR. AHN: Spurlock.

DR. SPURLOCK: Here.

MR. AHN: Tirapelle.

MR. TIRAPELLE: Here.

MR. AHN: Williams.

MR. WILLIAMS: Here.

MR. AHN: Zaremberg.

MR. ZAREMBERG: Here.

MR. AHN: Zatkin.

MR. ZATKIN: Here.

MR. AHN: Schlaegel.

MR. SCHLAEGEL: Here.

MR. AHN: Ex-officio members. Belshe. Berte.

MS. BERTE: Here.

MR. AHN: Knowles. Rosenthal. Shapiro.

MR. SHAPIRO: Here.

MR. AHN: Werdegar.

MR. WERDEGAR: Here.

CHAIRMAN ENTHOVEN: A quorum is present. I have a number of thoughts to share with you to begin.

The Risk Adjustment Findings and Recommendation section is adopted by the Task Force at its October 28th meeting is provided in members' manila files and copies are available to the public on the back table or by accessing the web page.

To get through our busy agenda today as efficiency as possible, members will be asked to work through the lunch hour. Boxed lunches were pre-ordered by members and staff and will be

delivered.

I would like to encourage the members who ordered a lunch to be sure to pay for it. Not everybody did last time. I'm not complaining. I know what it is to be an at-risk provider.

Members will be asked to pay for their lunch upon receipt. And the lunches are for the people who ordered them.

I'd like to ask members to submit their dinner selection to the staff as indicated on the flier provided to each member.

We have a huge amount of work to do this weekend. I regret very much that we didn't have more papers to you to review earlier. As of course you understand, the members of the Task Force have been very busy and in many cases were not able to complete their work on their papers until threatened by the deadline.

You should have received by fax a proposed time schedule that allocated time to each topic that we need to discuss at our meetings over the next few days. Since we allocated all the time we got, we'll need to stick to the schedule or else make a conscious decision to drop something or to schedule another meeting.

I would like to ask some of you to act as timekeeper so we'll begin a paper discussion with this is how much time we're allocating to and ask the

timekeeper to warn us periodically how much time has gone by.

I think we have to make a big effort to confine our remarks to points which we consider to be a very high priority.

If you wish, you may plan to submit editorial comments in writing to me or to my staff by November 25th. When we get these comments we do our level best to respond to them constructively to understand what the person had in mind and within the limits of balance, one problem is some members are unhappy because it didn't come out their way and perhaps they're not aware of the fact that we got several phone calls from people on the other side arguing the other side. And so we struggled to try to create a balance.

As we have been doing, we will use the informal straw votes to determine member interest and support for issues that do not require a formal vote.

That's a technique to sense the sentiment of the Task Force and then we'll move on from there.

With the papers up for adoption, since we've discussed the paper already and made numerous changes based on the previous discussions and personal communications of Task Force members, I hope that we'll be able to move quickly to consider proposed amendments only and to adopt those papers

within preferably less than the amount of allocated time.

There have been a lot of questions about process, so we've tried to, in my letter to you, outline those, how we propose to get there from here. There's been a number of questions about opportunities for filing minority reports. I think it's only fair for the whole Task Force to know that numerous of the legislative appointees have called me asking about their rights and ability to file minority reports individually or in groups, and I've indicated that we believe in free speech and, of course, that should be free speech all around. We'll do our best to incorporate minority letters in the latter part of the report.

Are there any questions about the letter I sent out on November 17th which lays out the report and schedule?

Maryann.

MS. O'SULLIVAN: There are many issues in that letter I'd like to discuss, I don't know if this is the time and place to discuss them or when we raise the voting changes.

CHAIRMAN ENTHOVEN: Well, let's go ahead and deal with them now.

MS. O'SULLIVAN: One of them is that the November 25th date for getting comments in I think is just too quick. We'll be meeting November

25th, and I think Task Force members need a few days to consider what was discussed on the 25th before they get their comments in and on paper.

CHAIRMAN ENTHOVEN: We are up against a very tight deadline in order to reschedule the papers, in order to get them out 10 days before. So I think my staff and I have already written off the Thanksgiving holiday to working on it. And I think we're just up against a, you know, kind of a hard constraint amount of time.

MS. O'SULLIVAN: It's not realistic to think people can be in a meeting all day and get material comments to you on the same day.

CHAIRMAN ENTHOVEN: No. For the ones we did Friday and Saturday they can do their work on Sunday and Monday. Well, for the ones we discussed on the 25th, they can get them to us by the next day.

MS. FINBERG: What about the ones that we discuss on December 12th and 13th?

CHAIRMAN ENTHOVEN: Well, those will be papers that we will vote on, but we will have discussed them in the November meeting, and we will revise them to reflect the discussion at that time and we'll have to revise them as we go in the December meetings and then vote on them.

MS. FINBERG: So there won't be any time after that meeting to submit comments or suggestions?

CHAIRMAN ENTHOVEN: Are you offering to come back for a couple days more meetings the following week?

MS. FINBERG: I hate to say that given the time of year, but I don't see how we can stick to the schedule. It doesn't seem like it works to me, and I'm very worried about it.

MS. SINGH: Could individuals please speak into the mike because the audience can't hear. There are small mikes on the table as well. So if you are don't bury them with all the pounds of paperwork that we have. If I could just make that request. Thank you.

MS. O'SULLIVAN: So we've agreed that we've got until the 25th for the papers that were considered before the 25th and until the 26th for the papers that were considered on the 25th.

Alain, you and I have talked on the phone about having a prominent statement maybe on the cover or the first page of the document saying that many important issues were not considered by the Task Force and the fact that it isn't in there doesn't mean that it shouldn't be a high priority. I don't see a place on the agenda for us to discuss and vote on language on that today.

CHAIRMAN ENTHOVEN: Well, I assured you that that would be there.

MS. O'SULLIVAN: I would like us to

vote. This isn't an issue where we've had assurances before and things have turned out differently than what we were assured in terms of the governor's behavior. So I'd like us to vote on that language the same as we are voting on other language on the document.

CHAIRMAN ENTHOVEN: I'll suggest we take that up after we voted on the amendments on the standing rules.

MS. O'SULLIVAN: Great. Thank you.

MS. FINBERG: Can I go back to the meeting dates a little bit?

In terms of the proposals for the report, there's a suggestion in your letter, I think it's in the letter not in the amendment, but there's a suggestion about voting on a statement with various levels of support for the report.

And I wanted to discuss that issue along with the possible minority statement issue because it -- and this goes with the schedule. It seems like we can't really make a decision about level support until we have the report. And it sounds like that won't really be until January 5.

CHAIRMAN ENTHOVEN: No. You'll have --

MS. FINBERG: We'll have most of the elements of it on December, but it won't really be packaged; right?

CHAIRMAN ENTHOVEN: Okay. Alice is

telling me that's on the agenda so we'll come back to that.

MS. SINGH: The whole issue of voting is on the agenda under item 5-A, so I think what you're proposing that the Task Force discuss would be more appropriately discussed under that particular item as opposed to under the opening remarks.

MS. FINBERG: As long as at that point we can also discuss meetings scheduled and alternative statements.

CHAIRMAN ENTHOVEN: Okay.

MS. O'SULLIVAN: I still have issues that were raised by the letter and I don't know if they belong here or not, but if we can just decide where they belong.

I want to propose that nothing go into the first volume that wasn't voted on by the Task Force. And we've got -- your proposed outline has some things that are verbatim that go into the volume and then a list of background papers, and it doesn't say verbatim. And I don't want to see those in the first volume, I'd like them to be in the second volume. I think that's fine, but I would like it to be that the Task Force voted on everything that's in that first volume.

CHAIRMAN ENTHOVEN: Well, I think the task -- the way it's here, the background papers are papers that we are voting for on starting today.

That's in part 4.

MS. O'SULLIVAN: Do you really want to vote on them verbatim? I mean it's a lot of pages and words to haggle over.

CHAIRMAN ENTHOVEN: No. What I intended was to propose that to the Task Force for adoption and we'll have an up or down vote on it.

MS. O'SULLIVAN: I'd like to at some point put a proposal on the table that simply says that things that were not adopted verbatim by the Task Force don't belong in the first volume.

CHAIRMAN ENTHOVEN: I think that's consistent with what we're saying. I regret under item 4 here we didn't put verbatim, but the point is those will be the papers voted on by the Task Force. Those are the things that our legislative mandate that the law required us to vote on.

And what I propose starting today is we will put those before the Task Force for a vote and before the hour is up, I will ask for an up or down vote on the paper. And if the paper fails to get a majority vote, then we can consider what to do about it.

MS. O'SULLIVAN: So the agreement is once they're voted on, staff won't go back? I had the impression that you wanted to go back and edit them. That won't happen? Once those paper were voted on, that's it, they stand however they are?

CHAIRMAN ENTHOVEN: Yeah.

MS. SINGH: I just want to ensure you that it's been the intent that once a paper is adopted by the Task Force members that the only changes that are made for that paper would be, for example, formatting changes, grammatical, I mean, type of changes, and that's always been the practice of this Task Force.

As you can see with the adoption of the risk adjustment paper, that was done verbatim.

MS. O'SULLIVAN: You really intended the word "verbatim" to be under that Roman numeral also?

DR. ROMERO: We assumed that.

CHAIRMAN ENTHOVEN: We didn't say the letter from the chairman. I had a telephone conversation last night indicating the Task Force wanted to be sure to write and edit the chairman's letter. We'll -- you know, we can see what to do about that.

My present view is that if that's the policy, then if that's what the Task Force wants is that constraint, I think that I will put forward a letter in two sentences. The first sentence will be, "Here it is," or, "I hereby transmit the report. For my own personal views see the letter, my letter in Volume II." Right. In other words, I will have the same right of free speech as everybody else has.

MS. O'SULLIVAN: There's another way to look at that also is to suggest that -- I didn't make that call, but to suggest that your letter not address substance. What you're proposing is that your letter summarize what's in the document and that's a very important -- whatever that summary is is very important and a lot of people will only read only that.

And I'd like to propose that there be an executive summary in the document that is voted on by everyone that summarizes what is in the document and that your letter address things other than the summary of the contents of the document.

DR. ROMERO: So the chairman's letter would be basically procedural, you know, "We had so many meetings, we interviewed so many witnesses."

MS. O'SULLIVAN: Discussion of the process, acknowledgements, sort of what happened here, but that the substance be addressed in the executive summary, not there. Because there's a lot of priority is what we really see as what's happening here.

DR. ROMERO: On the issue of voting on executive summary, that will be taken up, we have an agenda item on that.

MS. GRIFFITHS: You're touching on the issue that we talked about last night and perhaps if I could ask a question to clarify part of this

discussion and also the discussion that will come later when we get to voting on the changes to the bylaws.

We're using two different terms here. You're using the term "chairman's letter" and then the term that's used in the proposal for us to vote on is "executive summary."

DR. ROMERO: Different document.

MS. SINGH: Diane, could you please speak into the mike?

MS. GRIFFITHS: So we're talking about a chairman's letter that would be approved by the Task Force?

CHAIRMAN ENTHOVEN: Well Diane, I didn't use the term "executive summary" because it's not in here, we just had something called "letter from the chairman" and what Maryann was concerned about was if I said anything about my views or substance then she would want to have control over that.

MS. O'SULLIVAN: No, that's not what I said. That's not what I meant to communicate. What I wanted to say if you're taking the prerogative of making the statement of this is the summary of what's in this document I would not like to see that. If you want to say what your opinion is of the document, that's a different question.

MS. GRIFFITHS: That's the same issue

that I'm raising. If we're talking about having an executive summary which summarizes the findings of the report and it's not going to be voted by the Task Force, I think that's inappropriate. When you and I talked you talked with me concerning the chairman's letter which to me had a completely different meaning.

I think in terms of what this report will be used for, I think it's probably without dispute that many, many readers of this report will only look at the executive summary. And if the executive summary is going to be written without a vote of the Task Force, that causes me great concern.

CHAIRMAN ENTHOVEN: I didn't think that was going to be an executive summary but very briefly, you know, just a message from the chairman: "These are the topics that we considered, and I hope you will read the recommendations we made."

And Maryann's point is a huge, complex problem. We couldn't in the time allotted to us -- we couldn't -- I'd be happy to put before you in December the draft of what that might look like.

MS. GRIFFITHS: Are you contemplating a chairman's letter and an executive summary?

CHAIRMAN ENTHOVEN: Well, depends what you mean by "executive summary." Roman numeral III is the executive summary that we have been voting on.

MS. GRIFFITHS: I'm looking at the

proposal for changes to the bylaws.

MR. LEE: Maybe if we can get to that when we get to the part of that rules.

I've got one other question to clarify it. I think Maryann's confusion may be because in our prior discussions we talked about volume one having everything voted on. And a somewhat difference here is that the statutory papers, many of these were only voted on the executive summary portion of those papers and not on the body, and we specifically said so we don't drive ourselves crazy we focus on the front portion which includes recommendations so the papers on doctor-patient relationship, provider incentive, et cetera, the bulk of those papers, the background we as a Task Force, I think what we talked about earlier, weren't going to vote on. We were going to vote on and discuss the executive summary in each of those sections.

CHAIRMAN ENTHOVEN: I thought the intent was on the mandated paper that we would vote on the whole paper just on the statutory papers.

MR. LEE: That's just a new understanding for me, and that's okay. But that means that the Roman numeral IV, B through F, that what is in the background text for provider incentives for doctor-patient relationship may require more attention than some of us have given.

CHAIRMAN ENTHOVEN: Okay.

MS. SINGH: Mr. Chairman, if I may, I think again this issue will be addressed under this particular agenda item because the voting process we also have the outline of the report there too very generally speaking.

MS. O'SULLIVAN: I got one more. Sorry.

The paper involving vulnerable populations looks like from the schedule it's listed on Saturday and next week, but it looks like timewise it will probably be next week, I can't attend that meeting and I have a proposed recommendation, an additional recommendation on the table and a number of recommendations within one language in there and I'd like to have us consider that Saturday morning instead of next week, if that's possible.

CHAIRMAN ENTHOVEN: Well, okay. We prioritize it by doing a delphi process in which I think all of you got a high rate of return, and that's the way the priorities fell. They weren't my priorities, they were the Task Force's priorities.

MS. O'SULLIVAN: Can I ask the Task Force to consider it because this is an issue where I've got a recommendation on the table and I've been spending a lot of time on Medi-Cal issues and low income issues and vulnerable population issues. Would the Task Force consider a request to move that from Wednesday to Saturday?

CHAIRMAN ENTHOVEN: Well, we'll do our best. It's on the agenda for Saturday, we'll do our best to be sure and get to it. Let's address it on Saturday.

MS. SINGH: So we have a better idea where we're at.

CHAIRMAN ENTHOVEN: Ron.

MR. WILLIAMS: I guess my concern is the -- what seems to be an ever expanding scope of work here and ever expanding number of meetings. You know, I have been fairly conscientious in trying to attend and participate, but considering other obligations, I'm reaching -- beginning to reach the outer limits.

I think we've got a process where when we look at the fundamental legislative objectives and we look at the goals that I think all of us share and the topic and the impact that this managed care topic has on the lives of Californians, it's something where we all see lots of issues we all want to address, we all want to make sure that our point of view is appropriately expressed in each and every sentence, each and every word, each and every comma.

And it seems like one comment for consideration which I think has been raised before is focusing very specifically on the recommendations. And by recommendations I mean the four or five paragraphs that summarize the recommendations, not a

summary around them, not a prelude to them, but the specific recommendations. And that that is what we publish, that is what we put our names on, and that's what we vote up or down on.

And I think if we do that, we stand some chance of finishing between now and January 5, 1998 not 1999.

CHAIRMAN ENTHOVEN: Ron, I'm very sympathetic about your point of view, and I'm very concerned of the expanding universe of eleventh hour. When I say that I don't mean that incremental adjustments and modifications to the wording and so forth, but wholly new programs for us to take up. I hope that that will be widely viewed by the Task Force that great expansions in our scope are not timely. But I think that's a good idea to just focus.

I was thinking we might even do that, go immediately to the recommendations with the idea that when the recommendations have been voted on and decided then we can back fit the wording to go with that. That's a good procedure.

Let me just continue here. We have received a large number of comments on --

MR. SHAPIRO: Mr. Chairman, I have a question regarding your letter. It goes to the following point about producing the scope of work. The letter deals with the issue of unfinished

business and categorizing that. Is there going to be an opportunity to discuss about the necessity of a list what we didn't deal with to indicate something we didn't get to, we don't have a position on those? Is that on the agenda for discussion?

CHAIRMAN ENTHOVEN: Under agenda item 5 A we'll discuss that.

MS. SINGH: After we vote on the rules we'll have an opportunity to discuss the issues of unfinished business chapter and the issues Maryann raised.

CHAIRMAN ENTHOVEN: Some members of the Task Force reacted very positively to that idea and thought that that would solve their problems and other members reacted very negatively. So we'll just put that to a straw vote.

MR. SHAPIRO: The final question I had on the letter was the reference to the executive director working on the economic valuation of the recommendations and whether that's going to be -- first of all, whether that's necessary, useful, controversial and whether that's going to be reviewed by the members, incorporated in the report and whether we can discuss that at some point.

DR. ROMERO: With your indulgence, I'm going to be talking a bit about the work I have done to respond to several members' comments in this area and I'll make some suggestions along those lines at

that point.

MR. SHAPIRO: Thank you.

CHAIRMAN ENTHOVEN: We received a large number of comments about the expanding consumer choice paper after distributing our revised draft. From all points of view, by the way. They were so numerous that we felt we needed to do something to facilitate the discussion so we could hope to reach some agreement today.

So what we did was to produce a revised draft of the findings and recommendations section which we have distributed to you this morning. They're in your folder.

The revisions include comments that we received that we considered factual, technical or friendly in nature, that is they were trying to improve on the document. We did not make significant substantive changes. We wanted to leave that to group discussion. You can see all the changes in the line-in/line-out version that compares the new draft to the one we sent you before this meeting.

We'd like to ask you to read the new draft during lunch, and we'll have our discussion of the paper afterwards. We'll make our background paper conform to the discussion on the findings and recommendations. Hopefully this will enable us to move quickly to discussing the recommendations.

MR. ZATKIN: Since we also are working

through lunch, could we move choice to tomorrow to give ourselves tonight to look at this and then be able to move through the other items or is that a Roberts rules problem?

MS. SINGH: Mr. Chairman, if I can just address that.

It's noticed on today's agenda as an action item, and it's not noticed on tomorrow's agenda.

MS. BOWNE: Just by the force of time some things are going to go to the other day. Quite frankly, you have been tying our hands rather than freeing them.

DR. KARPF: Maybe when we move forward some discussions will be shorter than anticipated and we can get something done. So I would hope that we can get to discussing the issues rather than protocol.

MR. SHAPIRO: Were there changes to the appendix or just to the body? There were two documents.

CHAIRMAN ENTHOVEN: This is just the front pages, understand the findings and recommendations with the understanding then the back of the paper would be revised to conform to the front.

At the last meeting Dr. Karpf asked and several others agreed that we could organize a

summary of recommendations for all the papers and a list of cross-references between papers. We have done that, and they should be in the folder in front of you.

Phil Romero is working on an economic valuation of the recommendations which he will discuss in his remarks.

That cross-reference and summary is not meant in any way to be an authoritative report of the precise wording, so there's no point in trying to wordsmith that, that's merely an item for your convenience that people are trying to get an overview of how many recommendations we have.

Even at this late date members are continuing to come up with new and worthwhile ideas. Late entries in general, the Task Force members have had several months to propose issues, and staff and I have been responsive in developing the members' ideas.

I think large new ideas must be considered out of order now because people will not have had time to study and consider them and the staff will not have had time to research them and check with the validity of the supportive statements.

We can consider ideas introduced at the last meeting on the expanding consumer choice paper later in the day, but we need to watch the time.

So what do we do with such ideas?

Well, in the fax I sent you Phil and I propose that we create a chapter called "Unfinished Business." Its purpose would be to indicate recognition that the Task Force's review was not exhaustive, that we did not have time to study many important issues. But the fact that we did not study and make recommendations on an issue does not mean that we did not consider it important. I think those were points that Maryann was particularly concerned with.

And then we were suggesting the chapter would have three sections: Proposals voting on that did not command a majority, ideas that merit further study and development, and other topics the Task Force simply didn't consider.

Part A would be straightforward. In order to determine the topics to be included in B and C we asked you to submit your -- we ask you to submit your suggestions to me in writing by November 25. All issues submitted by Task Force members would be included in C as topics the Task Force was unable to consider.

If we receive many suggestions, we'll circulate a delphi questionnaire in early December to determine priority given to topics by Task Force members and identify the highest priority items as those that merit further study and development.

We'll outline the chapters of the December meetings and place it before the Task Force

on the second day for a quick series of up or down votes on inclusion on the list. And of course, we can have a discussion on whether people want the list of unfinished business or not.

Next, some people have asked, in fact there have been quite a few inquiries lately, about the possibility of minority reports.

I'm still hoping that members will find them unnecessary, but we do want to accommodate those who want to express their views. In my fax I proposed an outline of the final report. We'll vote on everything in volume one and it will be included verbatim with the exception of the short summary which will look like a cut and paste of the summary recommendations we provided to you today, the revised will reflect the adopted versions. Diane and I had had conversations about this last night and if the sense of the Task Force is they don't want any editing or shortening, we can take a straw vote on that.

I don't have a count in my head of how many papers that would give us to the executive summary, but we could do that.

We won't vote on anything in volume two and we won't represent it as something the Task Force has approved. Letters, so long as they're received by Alice by close on business on Friday, December 19th, will be included.

You have received a copy of all the papers that have been included. After we discuss them over the next several days you'll basically know what will be in the final report. I hope between now and December 19th there's enough time for people to write your letters. Alice asked me to remind you to please be concise because we'll end up making about 2,000 copies of it.

For members that want to join together to provide a letter report, the Task Force lawyers tell us that circulating a document is fine so long as no more than 14 other members do more than a one-time review. They still believe that a meeting of more than two members requires notice.

Now, Diane's lawyers have a different interpretation of the Open Meetings Act, and I'm not a lawyer, I can't help but regret that this is yet one more law that is so ambiguous that even the state's lawyers cannot agree on its interpretation.

Perhaps the Task Force ought to make a recommendation that the Open Meetings Act be revised in such a way that people operating under it can come to an agreed understanding of what it is.

So Maryann wanted kind of absolution from me for, you know, calling a meeting and getting a bunch of people together to write their minority report. And without being a lawyer I am not in a position to offer that. But I think if you go to

Diane's lawyer, you can get absolution and do what you like. I don't want to spend any time on it because it's sort of like not keen, it's a very hard law to understand and it's very ambiguous in its interpretation.

MS. O'SULLIVAN: Can we hear what you mean by "Diane's lawyer," what that lawyer said?

MS. GRIFFITHS: I received an opinion from legislative counsel, that's the lawyer that represents the entire legislature, and that opinion concludes that if -- if short of a quorum discuss the issues before us, that is not a violation of the open meeting law with this caveat, if it's a formally constituted meeting, for example, they would be required to comply with the Open Meetings Act, have notice and that sort of thing, but when it's a -- when a task of the full committee has been delegated to a subgroup formerly, then that means that they have to comply with all the open meeting requirements.

But if three or four or six of us were to talk about an issue before us and we're short of a quorum, that would not be a violation of the Open Meeting Act. That is the opinion.

CHAIRMAN ENTHOVEN: I suggest that you get a memo sort of like the income tax, file it with your return so that --

MS. O'SULLIVAN: This is so different

than what we've been told all along.

MS. SINGH: I would also just like to address that that I'm recognizing that that's legal counsel's opinion and it has been the -- our counsel's opinion as well as the opinion of other state counsel that the Open Meetings Act is very clearly indicating that if you have more than two members meeting or discussing an issue, that that constitutes requirements of -- constitutes initiation of the Open Meetings Act in noticing.

The Task Force voted in its adoption of the expert resource group guidelines that when it talked about documentations that the Task Force ERGs, for example, would only circulate documents to no more than 14 members for a one-time review of a comment.

Given that that is a policy that this board or this Task Force has adopted in the past, it was determined that this same policy would apply in this particular instance whereby you're asking for the Task Force's input on a document that is not going to be discussed in an open setting.

So if the Task Force chooses to initiate another policy, perhaps we should do this at the December 12th meeting whereby the Task Force can vote on whether or not it chooses to send such a letter to all Task Force members to solicit comments. We're just going on our previously policy.

CHAIRMAN ENTHOVEN: I just want to cut this off because I think it's a waste of time. Do what you think is the right thing to do and get your appropriate legal opinion. It's okay with me.

MS. FINBERG: Is it okay that we are allowed later in the agenda to discuss the minority reports and it's sort of related to this; right?

CHAIRMAN ENTHOVEN: Next about public comments today.

Members of the general public are here today. Those who wish to speak are requested to fill out speaker cards which should be on the table in the back. Which it would include the topic they want to address and that's very important.

Without objection I propose that we hear those who to speak to an issue on which we intend to vote this morning before member discussion commences so that we hear that and take that input on a timely basis in the process of voting. Then we'll have our discussion and vote.

For members of the public who want to comment on any of the other papers, we will ask to hear their comments at the end of the day. Either way, each person will have three minutes to present, and this unlike the past, this limit will be rigorously enforced even in midsentence. Alice will be keeping the clock here. So please do not read letters or documents to us, just state the essence of

your point concisely. And if you agree with the previous speaker, just get up and say, "I agree with the previous speaker."

What happens on January 5th, we need to vote on a statement that will be used to transmit the final report to the governor and the legislator.

I propose to offer the Task Force a hierarchy of statements about Task Force members' support for the final report. The statements would range from minimal endorsement. Maybe it would be, "Task Force members agree that this executive summary has 42 pages." I have pretty minimal expectations. But we might say, "The Task Force agrees this report reflects the findings and recommendations of the Task Force," or, "The Task Force agrees that it accurately reflects." I put in here in my notes and I think in my letter or the extreme -- but this is really dreaming and I don't think we'll get anywhere close to that, "The Task Force unanimously and enthusiastically endorses this report."

We'll vote our way up the ladder and find the most positive statement that the Task Force will support and we'll submit this statement with the final report.

Finally for myself, I just want to add one additional comment. I plan today -- there are a few places where I will put myself on the list with Alice and make some substantive interjection. I plan

to focus mainly on facilitating of the meeting.

I got the impression from some Task Force members that they think I wrote every one of these papers and that every word and idea in it is my idea. And so I want to disabuse people of that notion. I will confess that Sara and I wrote the risk adjustment paper, although there I won't plead guilty to wordsmithing. That happened afterwards. And the standardization and the choices paper issues on which I was particularly interested because I think people ought to have choices and we have to do things to make it easier to make choices and we have to try to make the market work. Forgive me for using the "M" word. Being an economist I have to sometimes refer to these things as correcting market failures.

However, I just want to put everybody on notice that a lot of the papers have things in it that weren't my idea. I expect to vote against some of them. So I just don't want anybody to have a feeling that there is some orthodoxy that they are being cohersed into.

And since I've heard so much talk about minority reports, that's going to force me to start thinking. I guess probably along with the other minority reports there will be a letter that says what the chairman really thinks about this, just so we got that all out on the table.

But in particular, I don't want you to

sort of -- please don't maneuver me into a position where I'm supposed to be defending the paper no matter what because that wouldn't be accurate.

Okay. I'd like to turn the meeting over to the executive directory.

MS. O'SULLIVAN: Dr. Enthoven, I have one other issue that I think belongs here, and it's the paper on public perception. It appears in the outline, but in the scheduling I don't see where it comes up for us to rehear or consider it.

CHAIRMAN ENTHOVEN: That's a good point. What are we going to do about -- Alice thinks we should address that in the agenda.

MS. SINGH: Under agenda item 4(a).

I just want to make a very brief comment. The chamber of commerce has been very gracious in affording us the opportunity to use this room free of charge with just minimal requests. And I'd like to ask the members of the public as well as Task Force members and staff to hear these requests.

Please recognize if you need to use the telephone, there are telephones in the lobby downstairs. And in addition, the staff of the chamber are not staff of the Task Force, therefore, please do not make any requests of them to copy or fax or what have you. If you need any assistance, please see our staff lawyer or our administrative assistant.

CHAIRMAN ENTHOVEN: Next, I deeply regret I omitted our new member Mr. Leslie Schlaegel. Mr. Leslie Schlaegel is a senior vice president of the Bank of America, a major participant in the work of PBGH. He has a long background in health policy including work with health systems agencies back in the '70s, and I've had the pleasure of talking with him some, and he's been able to pull our papers off of the Internet, et cetera. He is a person with a considerable background in health policy and can present and represent the PBGH perspective which is particularly important in all of this.

So Les, we're very happy to have you with us.

MS. GRIFFITHS: Mr. Chairman, may I ask who he's replacing?

CHAIRMAN ENTHOVEN: Yes. Kay Merle. Kay Merle was an appointee of the governor. She turned into a Texan, she retired. And the unifying theme here was, frankly, that Phil Romero and I represented strongly that PBGH has a major source of ideas and is a major factor in all this.

DR. ROMERO: Thank you, Mr. Chairman. I'm going to spend a couple minutes on this economic impact notion.

The -- I've made a career here in Sacramento of trying to quantify the cost and benefits of perspective public policy decisions.

Since I'm an economist by training, they're mainly in dollars, but not exclusively in dollar terms. I felt for a long time, and I think I've expressed to some of you individually, that my desire was for this Task Force's final report to not only make a series of recommendations but somehow characterize what the impact of those recommendations would be likely to be.

Now, I thought of impact in three main categories: One is spending, change in healthcare spending which can be both positive, i.e., both short and long-term. In fact, let me, before I go to the other two, digress for a second and say I put it that way deliberately, specifically because it's been my experience as an analyst that the defender of a status quo will always explain the short-term cost increase impact of some idea and the proponent of the idea will always emphasize the long-term benefit or the savings, whatever the case may be with that idea. And the only fair way to represent the idea is to try to do both.

Spending can affect not only the economy directly through gross state product and jobs, but also can affect access. So that's one category.

Second category is loosely what I'll call trust. That's trust in the system.

And the third category which was

recommended to me at the last meeting, I think by Mr. Zaremberg, as I remember, is the whole idea, in essence, the scope of government, any changes in the scope of government mandates on the private sector.

The -- you'll note even thinking about those categories that your instinct may be to say, "How do you quantify any of that aside from possibly the first one, spending?"

I want to plead that I'm somewhat susceptible to Kaplan's law. Abe Kaplan is an old mentor of mine. He once coined the term, he said if you give a seven-year-old a hammer, you would be amazed at how many things he would nail. I'm a modeler, so that's the way I feel. I think that most things are quantifiable if you use some intellectual self-discipline to try to do so.

In the trust area. My very crude proxy for trust would be to take a baseline survey that represents in which a -- in which response to a question like, "How does the healthcare system need fixing?" or, "How much do you trust the system?" and then measure the results of our recommendation in terms of changes if that survey was retested in five years; after a given recommendation had been implemented, what would the change in that response be.

And the mandate area I couldn't do much better than dollars. With the proviso that some

mandates aren't as mandatory as they look, and conversely some voluntary actions aren't as involuntarily as they look. In fact, anything is a continuing scale, so obviously they're going to be there and grading that accordingly.

My original conception had been that the customer of this work would be the readers of our final report, that once the recommendations were completed, I would sit down with my spreadsheet and basically try to do a lot of guesswork to produce this estimate.

At the last meeting, it was suggested by several members, in essence, that information like this would be very useful for supporting your decisions. For one thing, having some sense of the cumulative impact of recommendations that were being voted on or were being considered being voted on would be very useful. So to that end I spent a lot of time in the last three weeks trying to accelerate that effort.

The -- I started in particular with risk adjustment because, A, that's one the Task Force has actually already adopted, and, B, that it looked a little more attractive than some of the others.

My sense on the bases of that experiment which I will not show you for the simple reason that I had printer problems and you won't be able to read it, but I'll be happy to share with you

what I found subsequently. My conclusion is that very crude estimation is possible, but it has a phenomenal degree of subjectivity and therefore will be criticized either on methodological grounds or on bias grounds.

My recommendation, therefore, is in essence reverse myself rather than treating the primary customer of this work as being the readers of the report after the Task Force in its decision making, trying to use some decision making and not publishing under Task Force auspices any sort of summary on that impact analysis.

The -- I have experienced building relatively simple spreadsheet models to evaluate a handful of alternatives to achieve a few objectives. I'm being confounded by the scope of this Task Force's work just the way all of you are given the number of different objectives that are not comparable and therefore not really susceptible to a single model.

What I propose to do is to offer you -- offer you what will be simply Phil Romero's estimates for your consideration by the December 12th, 13th meeting. And as I've discussed with the chairman a little while ago, but since he sent this letter, my inclination right now is to recommend that the Task Force not publish a formal economic impact assessment as part of its report. And I'll stop and take

questions.

CHAIRMAN ENTHOVEN: I think that would mean that along with the other disclosures of the sort that Maryann called for with which I agree there would need be to be a clear disclaimer that the Task Force was not able to cost out the recommendations. In the eyes of some readers that won't be a very positive statement about the report, but that appears to be the best we can do.

DR. ROMERO: Right.

That's it. I'm done.

CHAIRMAN ENTHOVEN: Okay, you're done.

MR. SHAPIRO: Phil, can I comment because I raised the issue earlier?

My concern whether you did it for the benefit of the members or you did it for the benefit of the customers who will get our report is the controversial nature of the subject. You're dedicating substantial time to it as opposed to the policy recommendations.

I have no idea what's going into your black box and where you're getting that information and the degree on which you're relying on the industry that in the past would have been most likely to generate short-term numbers.

So I think you're opening yourself up to significant criticism. I believe economics is more of an art than a science. And to an extent you

can be accused of bias because people are going to waste a lot of time asking you where you got your numbers, and why wasn't that circulated among the members, solicited to the members in terms of -- I mean, I get economic analyses from components all the time that come out completely differently because they have different assumptions. And I just question the wisdom of the executive director of this Task Force to devoting time without consulting economic analysis. We are going to get those. Washington, D.C. is already getting those from the industry on the patient bill of rights thing, the cost that you rate is going to reduce access.

If you want to limit the focus of this group and its staff, the things we can agree upon, one of my recommendations is to reconsider expending your time, absent everyone here having to devote more time to this issue, if I just raise that as a caution, it's a very divisive issue and wasn't done in a working group atmosphere where we might have some sense of that. And I think I'm going to get more letters from people criticizing potential of that skewing -- I'm not saying it's not valuable information, but in terms of the priority, I question that.

DR. ROMERO: Well, just a very friendly comment, Michael, and I would love to have time to broader concerns than this. The effort I've put in

thus far was in response to member suggestions at the last meeting.

And so, Mr. Chairman, maybe it would be appropriate to take a straw pole, take a straw pole on the desirability of effort being put into this prior to January 5.

MS. GRIFFITHS: Can I ask a question first. I'm trying to understand what the end game of what your project will be, an oral presentation to us? Are you contemplating publishing something in the appendix?

DR. ROMERO: Originally my intention had been to publish it as part of the report, but now recognizing -- in essence if it was a single model on a single subject, I might be able to get the peer review and have enough comments on the quality to have that high ambition.

The scope of these recommendations just makes that not reasonable and therefore will make the analysis very vulnerable, appropriately vulnerable, to some kind of criticism that Michael was just referring to.

So my notion will be some oral -- sorry, basically, cavalier presentation to the Task Force members, at most, or nothing at all per Michael's suggestion.

MS. GRIFFITHS: I would share Michael's concerns that if you will consume an enormous amount

of time on a subject that we haven't touched on here or that not that all of us wouldn't agree if we could do it, it would be useful information. But to begin down that road I feel about that prospect the same way that chairman has expressed about beginning on new subjects at this point in other areas. I think it would consume an enormous amount of time for us to do that.

CHAIRMAN ENTHOVEN: Would you say we can do it after January?

DR. ROMERO: Bruce has his hand up, and he was one of the people whose comments I interpreted in the way that I described already.

CHAIRMAN ENTHOVEN: Let's try to wrap it up briefly.

DR. SPURLOCK: I'll be brief. I think we can be much more simplistic. My idea was to create a priority process. Even though all the recommendations we will make and adopt are important, there are some that are more important than others. And I think that the last thing we do at the end is have a round robin. It seems interesting that we are going to vote on a delphi process about the unfinished business, what are the priorities, that we wouldn't do the delphi process on the finished business to say what's the most important of all the things we've done. And I think that's an impression we can come to fairly simply

without a great big analysis.

CHAIRMAN ENTHOVEN: That's a very good idea. Okay. But Phil, do you want to wrap up? Then how do you propose to handle the economic analysis?

DR. ROMERO: Unless anybody argues to the contrary, what I will propose doing is be thinking about it on a background basis, not spend a lot of time on it, devote some effort to the more qualitative prioritization efforts that Bruce just mentioned and spend my time on our expanding universe, not expanding it further.

CHAIRMAN ENTHOVEN: And then you're free after January 5?

DR. ROMERO: Sorry. I mean -- having first of all the -- any analysis done after January 5 in a different context is actually more relevant because the real recommendations will be done, they're not free variables anymore. And I have worked for years doing this kind of analysis, and I'd be very surprised if I didn't do it. But it would not be published under Task Force auspices.

CHAIRMAN ENTHOVEN: All right. Thank you.

We're going to move on to the next item which is Dr. Helen Schauffler presenting the Task Force survey. Dr. Schauffler is an associate professor of the University of California at Berkeley. She asked me what did I want her to talk

about, and I said talk about 15 minutes and then have question and answers and discussion by the Task Force.

This topic is scheduled for one hour, and so we've just started the clock, and Alice will tell us when we -- 15-minute intervals and when we have 5 minutes to go.

MS. FINBERG: Do we have that survey or a summary or something?

DR. ROMERO: Mr. Chairman, I'll just take a second to just to give us a little procedural context.

Helen is here along with Mark DiCamillo of Field Research who conducted the actual polling. Also in the audience somewhere is Lee Kemper of the California Center for Health Improvement. I mentioned those names because the schedule, as I understand it, is roughly as follows.

The survey is still in the field, I think we are doing our last round of over sampling now. We expect to have two formal products, ultimately, one will be a paper that was referred to either that is being produced by Task Force staff and the other will be a -- let's call it a more shorter, more reader-friendly version that will be produced by Karen Budhorn and Lee Kemper of CCHI.

We have specifically not emphasized this survey's results yet because they're not done

because we're concerned that giving them any publicity at this stage may bias the remaining activity.

Last comment I'll make is that we have had a lot of financial help to do this which was not something we originally anticipated. I just want to acknowledge that California Health Care Foundation, RWJ and the Institute For Healthcare Advancement are who have funded what has been a very necessarily expensive enterprise and I'll turn it over to Helen.

CHAIRMAN ENTHOVEN: Dr. Schauffler.

DR. SCHAUFFLER: Thank you very much. Thank you, Dr. Enthoven and Task Force members and Dr. Romero and staff of the Task Force for giving me the opportunity to present what are very preliminary findings from our 1997 survey of California's experiences with managed care.

I also want to specifically thank, in addition to the other people that you mentioned, Phil, Terri Shaw who has helped me with this presentation and has prepared these overheads for me and I couldn't have done this without her.

As Dr. Enthoven mentioned, Mark DiCamillo from Field Research Corporation is sitting next to me. And Field Research Corporation did conduct three separate surveys for us, two of which were finished and one which will be finished by the end of November.

And there will be time for questions and discussions at the end of my presentation. And I just would like to ask you to please refer any specific questions about the methodology of the survey or the sampling to Mark DiCamillo.

As you are all aware, the goal of these surveys was to try to provide the Task Force with some objective data that will help inform your deliberation and the recommendations that you'll make to the governor.

I note that the Task Force has heard a tremendous amount of testimony from individual members of the public about their experiences in the healthcare system, but the objectives of the survey really were to document the extent to which Californians report having experienced a problem with their health plan in the last year, the types of problems they report, the differences in the types of problems by managed care model type and the severity of the problems that they've reported.

So the survey methodology was a computer assisted telephone interview survey. The survey was selected through random digit dialing and there -- the survey averaged about 25 minutes in length.

We conducted three separate samples. The first was a sample of the general and insured population and this included 1,201 randomly sampled

Californians who were insured, who were 18 years or older and have lived in California for 12 months or longer. And that survey was conducted between September 2 and September 24, 1997.

The second sample was a sample that we selected of people who met the same criteria as the general insured population but also indicated that either they were very dissatisfied or dissatisfied with their health insurance plan or they reported that they had had a problem with their health insurance plan in the last 12 months. And that one was conducted between September 25 and October 19, 1997.

The third sample, which is not quite completed and is still in the field, is a sample of persons who have a serious illness or a chronic illness, and we define that by individuals who have been hospitalized in the last year and/or individuals who had one of the following chronic conditions. And we included: hypertension, heart disease, diabetes, cancer, asthma, emphysema, chronic bronchitis, migraine, HIV, AIDS, severe arthritis, treatment for depression in the last 12 months and had a heart attack in the last 12 months. And that sample began October 20 and is expected to be completed at the end of November.

Next slide, please.

MR. LEE: I figure a little later today

we can get copies of these?

DR. SCHAUFFLER: That's not my understanding.

MR. LEE: It will certainly be easier from a reference point, since the public is presenting it, I think as a preliminary we can get copies of the overhead.

MS. SKUBIK: We're not distributing any paper today. This is for your consideration in your work today. And the reason we're not is that Mark DiCamillo who is doing the actual sampling of the third phase of this survey is not quite finished. He's days away from finishing that final population which is the ill and the hospitalized in the last year, and after that is done, then we're able to release information because we don't want the sample to get biased.

MR. ZATKIN: Is he days away from finishing interviews or days away from collecting the data?

DR. SCHAUFFLER: No. End of November he will finish the interviews.

MR. ZATKIN: I'm just raising the general.

DR. SCHAUFFLER: Could we defer this question until the end of the presentation?

MR. LEE: If I didn't want --

DR. SCHAUFFLER: Defer to the --

MR. LEE: Go ahead. Go ahead.

DR. SCHAUFFLER: Thank you. I appreciate your question.

The first slides shows the overall level of satisfaction of insured adult Californians with their health insurance plan within the last year as well as their satisfaction with the overall healthcare system in California as it affects their family, and we found quite different responses which is not unexpected. And the more personal the question, the more likely people are to be satisfied; and the more removed it gets from them, the less likely they are to be satisfied.

What we found is about 76 percent of the population said that they were very satisfied or satisfied with their health insurance plan which is almost exactly in line with what Pacific Business Group and Health has found in their surveys, and about 10 percent were dissatisfied or very dissatisfied. And that 10 percent represents about 2.2 million people in California.

In terms of satisfaction with the healthcare system as it affects their family, we found lower levels of satisfaction. The percentage that were very satisfied was almost half the rate of those who reported they were very satisfied with their plan. 17 percent compared to 33 percent were very satisfied with the system. And overall, 62

percent were very satisfied or satisfied compared to the 76 percent with their health plan.

And similarly, we see a trend with dissatisfaction rates being almost double what they were for the health insurance plan. It was 19 percent of the population saying they were dissatisfied or very dissatisfied compared to only 10 percent with their health insurance plan.

Next slide, please.

DR. NORTHWAY: The plan is what they owned, and the system is what the plan did to them?

DR. SCHAUFFLER: No. The health insurance plan is how -- what their plan coverage is, and the second question asked them -- it was a broader, more general question, how satisfied were they with California's healthcare system as it affected their whole family, so independent of the plan, so that would include all their experiences, not just the plan itself.

MR. ZAREMBERG: Is the first question their actual experience and the second question is their perception of the system as it affects other people.

DR. SCHAUFFLER: They're both satisfaction questions, they're both perceptions, but one is about the organization that -- through which they get their care and the other is about their perception of the whole healthcare system in the

state.

MR. ZAREMBERG: So they're satisfied with -- there's a difference. They're satisfied in how they get their care.

DR. SCHAUFFLER: They're not satisfied with how they get their care, but they're satisfied with their plan. I would not extrapolate beyond what those words say.

Okay. But we'll learn more in a minute. Okay.

MR. WERDEGAR: The first is satisfaction with a plan, whatever that may be.

DR. SCHAUFFLER: Whether they're in Health Net or whether Blue Cross or with a preferred provider.

MR. WERDEGAR: But the second is satisfaction with the system. First is individual, and then the second is family?

DR. SCHAUFFLER: Yes.

MR. WERDEGAR: It's a little confusing.

DR. SCHAUFFLER: You and your family.

MR. WERDEGAR: The second is a system question as well as a family question.

DR. SCHAUFFLER: This slide shows differences in satisfaction rates by type of managed care model. And for most of the analysis we looked at three separate managed care models which the models in which the majority of Californians get

their healthcare and health insurance and that was group staff model HMOs, IPA network model HMOs and PPOs. We would have liked to have looked at point of service plans, but the number was too small to allow us to make estimates.

DR. SPURLOCK: Does this report show what model they're in?

DR. SCHAUFFLER: We asked them at the beginning of the survey to tell us the full name of their health insurance plan, at the end of the survey to read the name of their health insurance plan off their health insurance card.

We also asked them very specific questions about model types that included whether or not they were required to select a primary care provider, whether there was a group or network of doctors associated with their plan, whether they were required to get a referral for a specialist.

And so using that information in combination with the very specific information that we got about their plan type we felt very confident that we were able to correctly classify them.

So as you can see in the left-hand side of the slide, the compilation that is in the IPA network model HMO is significantly less likely to be very satisfied with their plan compared to those in the group staff HMO model with no differences with the PPO plan.

Terri, can you -- is that focused? Maybe it is.

The red bars on all of these slides means significantly higher, the yellow bars mean significantly lower, and the green bars means that statistically there is no significant difference.

On the opposite end of the scale we see a similar pattern with persons in IPA network model HMOs being significantly dissatisfied with their plan compared to both the group staff HMO model and the PPO model.

Next slide.

We in the survey asked adult Californians who were insured whether or not they've had a problem with their health plan in the last year. We found that 42 percent of Californians or 6.7 million California adults report having a problem with their health plan in the last year.

And this is a list of the kinds of problems that they reported to us organized into five different areas: coverage, claims and payments, care and services, choice and accessibility.

The left-hand column -- I know this is a little bit confusing, but the left-hand column shows us the prevalence of those problems in the general insured population. People could answer yes to more than one of these. So this does not sum to 100.

In the right-hand column for people -- anyone who said they had one or more problems we asked them what was their primary problem or what was the most difficult problem for them. And so of the 42 percent of Californians that reported a problem, these -- they each selected one that was their primary problem and that is 100 percent of the 42 percent.

MR. ZATKIN: Recently there was a study done by the Family Foundation, Wellness Foundation, somebody else in Sacramento asking basically the same thing, but that's my question because they had a somewhat different result, a lower -- I think a lower reporting of problems around 26, 27.

DR. SCHAUFFLER: Right. That was Peter Lee's survey.

MR. LEE: It was part of our program.

MR. ZATKIN: Do you have any idea what the differences were in terms of the two results?

DR. SCHAUFFLER: I don't have their results. Do I?

MR. LEE: I'm not sure. I know we got it earlier this week. I'm quite curious about this in terms of the Sacramento area consumer. This is statewide?

DR. SCHAUFFLER: This is statewide, and his was just Sacramento.

MR. LEE: The survey we did was the

people in this four-county area which have been probably in managed care longer. I would be interested in how long your respondents had been in their health plan.

We had a 27 percent problem rate reported. About 64 percent of the people that responded have been in the same plan for over four years. That may be an important factor. So a big difference is location. Without looking at exactly how the question was worded, I'm not sure whether there was a difference in question wording.

MR. HAUCK: Looking at the reason people are dissatisfied the plan not covering and poor staffing. That's not the plan's concern, that's the employer's concern.

DR. SCHAUFFLER: Right. But it's a problem for the individual because they need care for something that's not covered. It doesn't get at who makes the decision. The point is it's not covered.

MR. HAUCK: You're going to have the top dissatisfaction item being confused as to who's responsible for it.

DR. SCHAUFFLER: I think that's a separate issue, and I think we need to make that clear in looking at how one goes about resolving these problems, whether it's a plan problem or an employer problem or a state government problem or who's problem.

MR. HAUCK: I'm just urging you to make it clear.

MR. ZAREMBERG: Did you ask whether the people had the option to buy that particular service that wasn't covered and they chose not to buy it? Do we know that?

DR. SCHAUFFLER: No.

Okay. So in terms of benefits and coverage the three problems that were identified were: The plan not covering important benefits that they needed, misunderstandings over what was covered and what was not, and actually being denied care or treatment. And these are all somewhat related. But as you can see, 13 percent said they weren't covered for important benefits and 10 percent said that there were misunderstandings over benefits or coverage. And, in fact, that is the second highest primary problem among those who had a problem, the plan not covering important benefits.

Within claims and payment we -- about 13 percent of the population indicated that they had a problem with billing or payment of claims or premiums with 14 percent of those saying that that was their primary problem.

With care and services, we had 11 percent or 1.8 million people saying that they did not receive the most appropriate medical care or what they needed.

We had 10 percent or 1.6 million indicating that there were delays in getting the medical care that they needed. 11 percent said doctors, nurses, administrators and staff were not sensitive to them or were not helpful to them. And 10 percent or 1.6 million indicated that they had difficulty in getting the referral to a specialist.

MS. BOWNE: When you were extrapolating saying this percentage of the population, are you covering the insured population or the whole population?

DR. SCHAUFFLER: Yes. I'm covering insured adults 18 years or older who lived in California for more than one year.

MS. BOWNE: So in other words, you're basing your percentages on your sample and then extrapolating them to that population?

DR. SCHAUFFLER: Correct.

The fourth area was in terms of choice. And we see about 8 percent had difficulty selecting a doctor in a hospital, 7 percent report being forced to change their doctor in the last year, and 4 percent indicating that they were forced to change medications in the last year.

The accessibility was the least prevalent of the problems with language or communication problems being reported by 5 percent of the population and transportation problems being

reported by 4 percent. But those, as you can see, those 4 percent reported transportation problems, 4 percent indicated that that was their biggest problem. And you'll see transportation turns out, even though it's a very small proportion of the problem, to be a very significant portion of the problem.

Next slide, please.

MS. SKUBIK: What we're trying to do with the survey is get to know the pattern of what we hear in the complaints. The capital is inundated with complaints about healthcare, and we're trying to find out what the pattern is across the entire California population of experience.

DR. SCHAUFFLER: Right.

MR. DICAMILLO: I might also just say these were asked individually and almost verbatim as you see them on the screen. So we asked people, "Did you experience this problem in the past 12 months? Yes or no?"

And what you're seeing are a proportion saying yes to each and every problem.

DR. SCHAUFFLER: Thanks, Mark.

One of the things there's a disconnect, and I know this Task Force has talked about this. We say 76 percent of the population is satisfied with their health plan. Why are we hearing about all this discontent and all of these problems? And what this

slide shows that, for example, people who are very satisfied with their health plan, 24 percent of those people report having had a problem in the last year. 40 percent of the people who were satisfied report having a problem in the last year. And as you can see, there's a direct linear relationship between the likelihood that you've had a problem and how satisfied you are with your health plan.

In breaking down some of this trying to understand how could 24 percent of the population have a problem and be very satisfied, what we discovered was the type of problem that they're most likely to have is a billing or claims problem which is a problem that is most likely to be resolved.

In addition, what we discovered and I have data after we're finished if you're interested in seeing more of this, that the problems that they have are likely to be less severe. In other words, the impact that the problem has on them financially or on their health status is significantly less than for people who are less satisfied.

Next slide, please.

MS. SINGH: The chairman's asked me to announce 15 minutes have passed.

DR. SCHAUFFLER: Chairman, can we hold -- do we want to hold questions?

CHAIRMAN ENTHOVEN: That was addressed to members of the Task Force. You just barge ahead.

DR. SCHAUFFLER: Thank you very much.

Next slide, please.

We also asked Californians about their overall view of the healthcare system and to what extent they felt it needed change. And what this slide shows is the responses to the various choices that they were given in asking about their overall views with the healthcare system. And 9 percent felt that the system worked well and no changes were needed. 30 percent felt that the system worked pretty well and only minor changes were needed to make it work better. 43 percent said that there were some good things about the system but that fundamental changes were needed to make it work better. 11 percent said that it has so much wrong with it that we need to completely rebuild it.

So that approximately 84 percent, at least, want some change which translates into 13.4 million adults in California are indicating that they do want between minor change to complete overhaul of the healthcare system.

As you can see again on the right-hand side of the slide there's a very strong linear relationship between how dramatic you think the change is needed and the likelihood that you had a problem with the system in the last year. So that those who want to completely rebuild it, 60 percent of them have had a problem within the last year

whereas those who feel no changes are needed only 18 percent of them had a problem in the last year.

MR. WERDEGAR: Do you know what percentage of the respondents have had interaction with the healthcare system in the last year?

DR. SCHAUFFLER: Yes, we do. I don't have that in this slide, but we could certainly cut it that way as well.

Next we wanted to look at whether the types of problems people were experiencing different by the type of managed care plan that they were in and, in fact, we found that there were significant differences.

The people in the IPA network model HMOs were significantly more likely than people in both PPOs and HMOs to have difficulty getting referrals to a specialist and to have difficulty selecting a doctor or a hospital.

People in the IPA network HMOs were also significantly more likely to report that they did not get the most appropriate care or what they needed, that they were forced to change doctors, and that they had transportation problems.

In addition, people in IPA network model HMOs report that the plan did not cover important benefits, that there were misunderstandings over benefits or coverage or that they had a problem with billings or payment or claim or premium.

Another finding is that there were no problems for which persons in IPA network model HMOs were statistically significantly less likely to have.

Let's look at the comparison in the group model staff HMOs and what we see is the only problem for which persons in group model staff HMOs report that they are statistically significantly more likely to have compared to PPOs is transportation problems.

Compared to IPA network, people in group model staff HMOs are statistically significantly less likely to report difficulty in getting a referral to a specialist, difficulty selecting a doctor and a hospital.

In addition, people in group staff model HMOs are less likely compared to both IPA network model HMOs and PPOs to report that the plan didn't cover important benefits, misunderstanding of coverage and a problem with billings and claims.

For persons in PPOs in California we found that they were significantly more likely to report a problem with billings or payments of claims or premiums which is not surprising. They were significantly more likely compared to group staff model HMOs to report that their claim didn't cover important benefits that they needed and that there were misunderstandings about benefits or coverage, but that they were significantly less likely compared

to the IPA network model HMOs to report not receiving the most appropriate care, being forced to change doctors, difficulty with referral to specialists and difficulty with selecting a doctor or hospital. And the only problem for which they were less likely to report compared to staff group model HMOs was transportation.

There were also a number of problems for which there was no difference across models types which suggests that these problems are really more systemic problems and not really a function of the organization of care. And those are doctors, nurses, administrators or staff being insensitive or not helpful, delays in getting needed care, language or communication problems, forced to change medications, and denied treatment or care.

We also looked at the impact of the problems people were experiencing on their health. We also looked at the impacts on them financially as well as the number of lost days from work. But given the limited time, I'm just presenting the health data to you this morning.

The top bar indicates the percentage of Californians who indicate that their problem lead to one of these difficulties, and the bottom bar is the percentage of the total general insured adult population that indicated that their problem resulted in one of these outcomes.

I want to start at the bottom of the slide because logically I think it goes from bottom to top. So as you can see, 12 percent of Californians who reported they had a problem so there was potential for injury but no injury occurred as a result of their problem. And that 5 percent of the total insured population or about 335,000 adult Californians indicated that their problem resulted in the potential for injury but that no injury occurred.

Going up to the next bar, these individuals, 30 percent of those who had a problem said they experienced pain and suffering that continued longer than it should have as a result of their problem. And this translates to 13 percent of the California population that's insured or about 871,000 people who say they experienced pain and suffering longer than they should have. Actually that number's probably not right.

CHAIRMAN ENTHOVEN: Helen, I'm a little confused. What is the comparison? I mean, one is --

DR. SCHAUFFLER: One is the percentage of Californians. The top number is percentage of Californians who had a problem.

CHAIRMAN ENTHOVEN: But that's general insured Californians?

DR. SCHAUFFLER: No. That's the dark bottom line, that's the general insured.

CHAIRMAN ENTHOVEN: Total Californians

whether insured or not?

DR. SCHAUFFLER: The blue line is total Californians. The red line is just of those who reported having a problem.

CHAIRMAN ENTHOVEN: I see.

DR. SCHAUFFLER: No. No. No. Just -- we have two different samples so we can estimate prevalence in the general insured population from that sample and we can estimate prevelance within those who had a problem from the problem sample. Okay.

I'm sorry if it's confusing.

MS. O'SULLIVAN: Earlier you showed three columns for the three different types of people you surveyed. Is there any overlap? Were any of the people in the second survey people who you had surveyed in the first survey?

DR. SCHAUFFLER: Yes, there is.

MR. DICAMILLO: We augmented the sample to get to a larger base of people who had problems. So in the main sample about 42 percent of what Helen is reporting said they had problems, about 500 people. So we wanted to stabilize and get a better sense of that population so our mandate was then to find in additional interviewing people who experienced problems so we administered this screening interview to just see if they had any of these problems, and we only interviewed those people

if they had additional problems. So that got us to that response.

DR. SCHAUFFLER: So going up the slide, why don't I just talk about the general insured population, maybe that just makes more sense.

6 percent of the insured adult population in California said they had a problem that led to other conditions that were not previously present. And that is about one million people.

9 percent of the insured population in California reported that they had a problem with their health plan that led to the worsening of their health condition.

And then 2 percent of the California insured population indicated that they had a problem with their health plan that led to a permanent disability and affected their activities of daily living -- and I will quickly calculate what that number is -- which is about 320,000 people. Okay.

Next slide.

MR. KERR: On the other conditions, what are the other conditions? Was it like infections or was it like --

DR. SCHAUFFLER: We don't know. We just said it led to other health conditions that weren't health conditions that brought them to the system in the first place.

Okay. I know that one of the issues of

the Task Force is going to be deciding on today is choice, so we wanted to make sure and present you with enough information that we gathered about the importance of choice among Californians.

Just as some background information to this policy slide I wanted to tell you that we asked Californians how important it was for them to have a choice of more than one health plan. And 81 percent said that it was very important or important that they have a choice of more than one plan.

In addition, we asked individuals how many plans they actually had to choose from. And 23 percent of the population indicated they only had one plan, in other words, they had no choice. And another 18 percent indicated that they only had the choice of two plans. So that 41 percent had the choice of only one or two plans.

This is significant because we found that people who had the choice of only one or two plans were significantly more likely to experience a problem with that plan compared to people who had the choice of three or more plans.

Yes.

MS. DECKER: When you say "plans" here, could it be any kind of plan?

DR. SCHAUFFLER: People do not understand what kind of plan they're in. And so we just asked them how many they had to choose from

without trying to distinguish what type they were.

So on this slide as you can see, we asked Californians their opinion about a policy or an idea that would give employees a choice of health insurance plans with at least one plan that would allow them to pick any doctor they want which is sort of code for PPO or point of service or fee-for-service kind of plan.

Under this proposal the employers would not be required to make any additional payments, the employees would pay some additional money for the insurance that would allow them to pick any doctor that they want.

And Californians, 70 percent indicated that they would favor that idea that they'd be given a choice of a plan that allows them to pick any doctor that they want and that they would be willing to pay more out of their own pocket to have that choice.

On the bottom you can see that we asked them how much they would be willing to pay for such an option. And 23 percent said they'd be willing to pay nothing. But the majority of the population falls in this range of 20 percent, $5 to $10 per month; 20 percent, 11 to $25 per month and 13 percent, $26 to $50 per month.

MR. ZAREMBERG: Helen, is that per family or per individual?

DR. SCHAUFFLER: Individual. We didn't ask family.

MR. PEREZ: Was it clear that it was per individual or was it just whatever assumption they drew on whether it was individual or family depending on the coverage that was currently being offered them?

DR. SCHAUFFLER: We can read you the precise wording of the questions.

MR. DICAMILLO: Most of the questions in the survey were directed about their actual experience with their own health plan. Relatively few had to use broader connotations having to do with family, and I apologize for that confusion on the first one.

But the actual wording of the dollar amount -- well, I can get into it. There were two questions which she's presenting at the top is the favor opposed option. Some employers in California today offer only one health insurance plan to their employees. Some people have proposed that all employees be given a choice of plans with at least one plan offering employees to pick any doctor they want.

Under this proposal employers would not be required to make any additional payments, but workers would pay some additional money for insurance to allow them to pick any doctor they wanted. "Do

you favor or oppose this idea?" And then that was followed up with, "How much more would you be willing to pay each month out of your own pocket for a health insurance plan that allowed you to pick any doctor you wanted?" And here are the distributions there.

MR. PEREZ: So it would be safe to assume that people would then apply it to whatever plan they were in?

DR. SCHAUFFLER: Yes.

MR. PEREZ: So if it were a per-person or per-family plan?

DR. SCHAUFFLER: Right. So it's a marginal increase.

CHAIRMAN ENTHOVEN: What it says is about 23 percent of the people would be willing to pay the economically reasonable price.

DR. SCHAUFFLER: Which is nothing. But the majority are willing to pay something which is important.

CHAIRMAN ENTHOVEN: But at the bottom you say what does it cost, it's going to be well over $26 a month and only 23 percent of the people are willing to pay that.

DR. SCHAUFFLER: That's right.

Next slide, please.

We were also interested to find out whether or not people who experienced problems had tried to resolve them and whether or not their

problem had been resolved.

And what we found was that 57 percent who had had a problem said yes, they had tried to resolve it, and, interestingly, 4 percent of the population with a problem or about 268,000 people said that they had actually contacted a state or local agency to try to get some assistance.

MR. LEE: Say that again.

DR. SCHAUFFLER: 4 percent said that they did contact a state or local agency which is about 268,000 people. And 3 percent indicated that they contacted an elected official which translates into 201,000 people.

We should have no surprise that we have this Task Force and the confidence interval around that is just fine. I think the lower end is 2.6 percent. So this is a real number.

In terms of the percentage of the population indicated their problem had been resolved, slightly over half or 52 percent indicated that their problem had been resolved. But a substantial portion, 42 percent, said their problem had not yet been resolved.

DR. ROMERO: Helen, are these charts for the over sample of people who had a problem?

DR. SCHAUFFLER: These are for only people who had a problem, correct.

Okay. And the last slide I will show

you, unless you have other questions, is how satisfied Californians were with how their health plan handled their complaint.

And on the left-hand side you can see that only 11 percent were very satisfied with how their health plan handled their complaint. 28 percent were satisfied with an overall satisfaction rate of 39 percent.

18 percent were dissatisfied with 11 percent being very dissatisfied for a total dissatisfaction rate of 29 percent.

In terms with how satisfied they were for those whose problems were resolved with the resolution of their problem, you can see that only 6 percent said the resolution exceeded their expectations, 40 percent said that the problem was resolved satisfactory, 32 percent said that it was acceptable but they weren't completely satisfied, and 12 percent indicated that had they were not satisfied with how their problem was resolved.

So that is -- those are sort of the key findings from the survey. Of course there's a tremendous amount of additional information, and I'd be happy to take your questions and share more detail as I have them available.

HONORABLE GALLEGOS: I have a question. In those last two slides, especially the issue of resolution of a problem, were any questions made as

to what were the methods that those consumers sought to resolve the problem? Were they internal plan processes?

DR. SCHAUFFLER: Yes. We have an overhead to show you what they did. The attempt to resolve. There's quite a range of things that people do.

Okay. On the bottom of this slide, as you can see, 37 percent of those that had a problem indicated they contacted their physician or health care provider, 36 percent actually called the health plan for information or assistance, 30 percent referred to their own health insurance plan document, 16 percent sought the help of a family or friend, 15 percent contacted their or their spouse's employer, employee assistance program or employee benefits office, 15 percent -- I mean 11 percent wrote a letter to their health plan, 4 percent contacted a state or local agency, 3 percent contacted a government official and 3 percent contacted a lawyer.

Other questions?

MR. WERDEGAR: Can you tell me of the people that you interviewed how many of them had a problem not with themselves but with a dependent?

DR. SCHAUFFLER: We allowed for proxy respondents because we were concerned if people had a child or an elderly parent, but the proportion that came into the sample was so small.

MR. DICAMILLO: What we did if they did not themselves have a problem, we then expanded the net to ask them about people whom they were responsible for healthcare for or a family member that they had direct responsibility for. It only increased the proportion by about 3 or 4 percent.

What that means is that of the people who didn't have a problem only another 3 or 4 percent got into the sample because of another family member having a problem.

Now, I would suspect, I don't know, we didn't ask them directly, but the people who had with themselves had a problem are very likely to also have said, although we didn't ask that, maybe another family member had a problem, but it wasn't asked directly. We didn't broaden the net to other family members unless they specifically said they themselves hadn't had a problem.

But again, nearly all the data here is the direct response of their own interaction. Only about 3 percent or 4 percent are referrals about another individual for whom they had some responsibility.

MR. WERDEGAR: Were interviews in English primarily?

DR. SCHAUFFLER: English and Spanish.

CHAIRMAN ENTHOVEN: I think we can take about two more, and then we should move on.

Martin.

HONORABLE GALLEGOS: Just briefly, when you say "general insured population," does that include individuals who are covered by governmental programs as well?

DR. SCHAUFFLER: Yes, it does.

HONORABLE GALLEGOS: So you had some Medi-Cal recipients?

DR. SCHAUFFLER: We had Medi-Cal and Medicare.

CHAIRMAN ENTHOVEN: Any more questions?

Thank you very much, Helen.

Next we're going to move to what's on the calendar called "Consent Items." I call on Alice Singh.

MS. SINGH: Members, there's just a very minor technical correction that needs to be made to the minutes; specifically, Ms. Marjorie Berte, one of our ex-officio members, was present at that meeting so the minutes will be amended to reflect that technical change.

MS. GRIFFITHS: I think maybe Marjorie and I look alike because I wasn't there.

MS. SINGH: We'll delete that.

CHAIRMAN ENTHOVEN: Without objection that will be done.

MR. LEE: I second that.

CHAIRMAN ENTHOVEN: All in favor?

TASK FORCE: Aye.

CHAIRMAN ENTHOVEN: Any opposed? It's adopted.

MR. LEE: That might be helpful for us to note where we are in terms of keeping on track with time, if we're half an hour ahead or behind.

CHAIRMAN ENTHOVEN: We are behind. I can't give you a precise number, and I don't want to spend the time calculating it.

MR. LEE: If Alice can update us so we can announce it for all of us.

CHAIRMAN ENTHOVEN: We are at 10:40, and we're down to "Consent Items."

That brings us to "Action Items." Discussion/adoption of a proposed amendment to Task Force Standing Rule No. 4 regarding voting procedures.

We should figure that we can get through this in no more than an hour. The first order of business will be to adopt proposed amendments to the Task Force Standing Rule, specifically to add rule number 4.5 regarding voting procedures.

Alice Singh will summarize the proposed amendments.

MS. SINGH: Members, very quickly there are five proposed amendments to standing -- actually to add Standing Rule 4.5. Those had been indicated

under tab 5(a). You'll note that rule No. 4.5 and its text have been underlined. The first amendment is rather lengthy. I'll be happy to read it into the record. Basically we're saying:

"Voting on the report prepared pursuant to AB 2343, Chapter 815, statutes of 1996. The report prepared and submitted to the governor and legislature by January 1988 pursuant to AB 2343, Chapter 815, statutes of 1996 may be composed of the following three sections:

"One, the executive summary. A brief summary of the main report.

"Two, main report. A compilation of, but not limited to, one, the full papers that are required by AB 2343 and were compared by Task Force staff frequently in conjunction with expert resource group members. Number two, the findings and recommendations sections of background papers prepared by Task Force staff frequently in conjunction with expert resource groups members which not required by AB 2343 and a list of information pertaining to managed care issues not addressed by

the Task Force.

"The third, volume appendices is a compilation of, but not limited to, the background papers that correspond to the findings and recommendations sections prepared by Task Force staff frequently in conjunction with expert resource group members which are not required under AB 2343; two, Task Force meeting minutes; and three, a list of public hearings and public comment participants and a summary of public testimony."

That is your first amendment.

MR. RODGERS: I move that we accept the first amendment.

CHAIRMAN ENTHOVEN: Do we have a second?

DR. SPURLOCK: Second.

MS. SINGH: Can I ask who made the second? I'm sorry. Okay. Bruce.

DR. SPURLOCK: Bruce made the second.

CHAIRMAN ENTHOVEN: Discussion?

Yes, Peter.

MR. LEE: Yes. I would move to amend and delete the third number in Roman numeral II. I am one of those that don't think the list of

information of issues not addressed is useful for the Task Force, and I think that it becomes a whole quagmire that I think is better for us not to get into.

So I would move that amendment if that's the right way. So I think that's a good idea to move.

MS. SINGH: If it's okay with the Chair, I can facilitate this, is that acceptable?

CHAIRMAN ENTHOVEN: Yes.

MS. SINGH: We have a motion to amend. Is there a second? Is there any additional discussion before the question is called?

DR. ROMERO: This is on the amendment that there --

MS. BOWNE: Peter's amendment.

MR. LEE: I'm amending to have no list.

MS. SINGH: So the amendment on the floor -- basically the amendment is to delete the list of information pertaining to managed care issues not addressed by the Task Force as being a component of the second part of the main report.

MS. GRIFFITHS: Question. On that particular amendment does that mean that goes out of the report altogether or is that then removed to the appendix?

MR. LEE: My intended amendment is to pull it out entirely.

MS. GRIFFITHS: Thank you.

MS. SINGH: Further discussion?

DR. NORTHWAY: Just for clarification, we're just voting on an amendment to the amendment?

MS. SINGH: Correct.

MR. SHAPIRO: In terms of the discussion towards the amendments based on the concerns I had earlier it was either a discussion by Maryann of actually substitute more general statement -- I'm not suggesting it be put into this motion but to indicate that there was suggestions of having a statement about the issue of not having covered everything and we're not taking a position without a list. So I just throw that into the debate. I urge support of the motion.

The question is, then, do we return to this under Maryann's proposal that we substitute some other kind of statement that is not a list?

MS. SINGH: At this point we're discussing the amendment.

Mr. Perez.

MR. PEREZ: I think the question that you raise is fine, and it doesn't really raise any problems with the amendment at hand because we can even put that in as part of the executive summary.

MS. SINGH: Is there further discussion on the amendment to the amendment? If not, I'd like to call the question.

All those in favor please signify by raising your right hand.

Okay. The motion to amend has been adopted by 21.

The second amendment?

MR. LEE: Are we going to discuss the first amendment and vote on it?

MS. SINGH: Members, I'm sorry, you're correct. We can now vote on -- the motion has been made to adopt the first amendment as amended.

Ms. Finberg.

MS. FINBERG: I think this is the right place to talk about this. I am concerned -- I would like to move up to this section so that in the main body of the report we have any documents that have members' signatures on this and that leaves the opportunity -- I actually -- I did ask questions about a minority report, but my primary concern is a majority statement. And the chairman has identified one method of reviewing the report with increasing levels of support. I prefer to have a report that is adopted or not adopted if we could do it that way. And so rather than -- because I'm concerned about the nuances of these statements not being taken as seriously as this is a report we have adopted. So I would like to urge the members to take the time to adopt a majority report that we can vote on it.

MS. SINGH: The chairman would like to

comment.

CHAIRMAN ENTHOVEN: Frankly, I want to avoid doing that because I think when we -- we will string end to end a bunch of recommendations like risk adjustment, standardization, so forth, each which might get 16 votes. When we put the whole package together I expect that in many cases individual members will feel their negatives outweigh their positives, and so we might then get to a position where the report, if it's taken as a whole, just doesn't get a favorable vote if you want to take that chance. But that's the reason I was trying to avoid that and think we ought to just be able to say, you know, item by item these are issues that got majority support.

MS. FINBERG: But what I'd like to do is take it to the next level so that we could pull out those recommendations that we could group together to support. It seems like it should be possible, it may be a very modest list, but that it should be possible for the majority to adopt a report that contains those recommendations. So that's what I would like to suggest. And then also --

MS. SINGH: Are you making a motion to amend amendment No. 1?

MS. FINBERG: Actually, I'm discussing amendment No. 1, and then I would also like to comment on the issue of a minority statement.

My preference would be to have a majority statement that discusses specific recommendations that we vote on at the end of the process when we know the specific language.

If we can't do that or if there are people that cannot sign onto that majority statement, I would like to suggest that the possibility of alternative statements, maybe minority statements, be considered at that time and included as part of the main report.

MR. RODGERS: I need a clarification on this. If it's a minority report, we vote on the executive summary recommendations. You want to include the minority report with the main body report instead of having it separate?

MS. FINBERG: Right. I'd like to have material that has members' signatures on it be part of the main report. Now, on this list we have appendices that have a lot of background information that hasn't been voted on, we have public testimony, we have minutes, and then we have possibly letters from people on the Task Force that would go on the end. And what I'm saying is that the members' work should go in the main body of the report. I'm hopeful that it's not going to be separate letters. I would like to see a majority statement and possibly a minority statement or statements and that those would be in Volume I.

MS. SINGH: If I could just clarify that down below we talk about actually adopting a statement of transmittal which would hopefully -- which would have to be adopted by the majority of the members. And so I think that what you're talking about at this point is that particular transmittal statement as opposed to a document in the main report.

Right now amendment No. 1 is simply indicating that these are the three sections that will be included in the report.

MS. FINBERG: Yes. I wanted to make it clear that I want something additional in the main report, and that's why I thought it was appropriate to raise it now. It sounds like due to difficulty, controversy and time constraints, that the main report might not be a majority report.

It sounds like it might be something that has a statement attached to it that says something as insignificant as "This report has X number of pages," and so --

MS. SINGH: In amendment No. 2 we talk about components of the main report, and so perhaps some of your discussion should be included under that amendment as opposed to amendment No. 1.

MS. FINBERG: It could, but it's just that it has the list, the main report is a compilation of it not limited to and I'd like to

include what I'm talking about in that list of the compilation.

CHAIRMAN ENTHOVEN: The reason that we put it in the appendices and not in the report itself was because the report was supposed to be all those things that the Task Force had reviewed and adopted.

MS. SINGH: And a majority of the members had adopted -- the main report was to contain the executive summary and -- excuse me, the finding and recommendations sections of the nonmandated report and the mandated papers pursuant to AB 2343 and that only those documents which were adopted by the majority of this Task Force would be included in the main report.

It may not be appropriate to include documents in the main report that have not been adopted by a majority of this Task Force.

MS. FINBERG: Let me point out that when we discussed our first vote, when we started talking about risk adjustment, I asked this question procedurally because I was very concerned about at what point -- how significant my vote was at what level.

And at that point -- and it sounds like there's been a change in the thinking of the Chair and the staff -- but at that point I was told that we were voting on that paper, then the paper would go into the report or not. In this case it did go into

the report then we would vote again that that was a preliminary vote.

And now pursuant to this procedure it sounds like we are changing that; that that vote was not really a preliminary vote. It was my only opportunity to vote on that issue.

CHAIRMAN ENTHOVEN: Well, Jeanne, first I just want to object to your characterization as this was a change in the thinking of the chairman and staff. I spent enumerable hours on the telephone with members who were pushing this thing around and trying to find a --

MS. FINBERG: Or in response to.

CHAIRMAN ENTHOVEN: -- process that meets the requirements of various members, including those members who want to file minority reports and so forth.

But I think my understanding always was we would vote on individual packages of recommendations, and that would be it.

MS. SINGH: Dr. Northway.

DR. NORTHWAY: I wonder if somebody can clarify for me "compilation of but not limited to" and on the next one it says "compilation but not limited to." What does that mean? If it's not limited to this, what is it limited to? Is somebody just going to arbitrarily? Maybe I could put something in because I'm not sure what I'm voting on.

CHAIRMAN ENTHOVEN: The idea was to have what members want to put on the list as things that were not considered by the Task Force because members were concerned. And then we would consider prioritizing that to send it all out to members and say, "Here's a set," get their top priority if you would like.

MS. SINGH: Dr. Spurlock.

DR. SPURLOCK: We're not really limiting, Alain, what is going to go into the report if we vote in favor of this amendment because if he's not limited to statements. I mean, it basically says that we can throw anything else in there because it's not limited to this compilation.

MS. SINGH: The statement was just meant to give flexibility. But if there's concern by the Task Force members that that could be an open-ended statement, a motion can be made to amend this amendment.

MR. HAUCK: Mr. Chairman, I want to move that a letter or statement or document signed by any of the members of the Task Force be included in Volume I of the report.

MS. SINGH: There's a motion on the floor to adopt amendment No. 1 with the amendment.

MR. HAUCK: That's a substitute amendment.

MS. SINGH: You're moving to amend this

by including a letter in the main report; is that right?

MR. LEE: Any letters, any Task Force members?

MS. FINBERG: I second that.

MR. HAUCK: Any statement or document signed by a member of the Task Force be included in Volume I, put it in the back of the report.

And Volume II, the way it's constituted, basically the kitchen sink, and I think the point is being made that if a member of the Task Force chooses to do so, chooses to make a statement and sign his or her name or groups of names, that ought to be part of Volume I.

MR. LEE: Yes. Second. I call the question on that motion on that amendment.

MS. SINGH: The question has been called. Those in favor?

Discussion on that motion?

DR. SPURLOCK: I can probably live with that, but there may be a third way out of this, and that's to create a chapter on adopted or vote on majority amendments, a chapter of other perspectives from health plans or participant members, anybody that wants to write an amended opinion. So we just simply add another chapter.

MR. LEE: That's doing the same thing; that's doing what Bill's amendment does, I

think, but it's in Volume I.

DR. ROMERO: Speaking of choices, between the Hauck version and the Spurlock version, I would lobby in favor of the Hauck version for the simple reason that I would rather -- I would rather incorporate members' statements verbatim rather than having to write a chapter interpreting their ideas, both from a work point of view and I don't want to offend anybody because I've incorrectly interpreted what they said.

MS. SINGH: I just have a question.

Mr. Hauck, your motion is to include those letters in the executive summary or in the main report?

MR. HAUCK: In the main report.

MR. LEE: In Volume I?

MR. HAUCK: Volume I.

The Task Force adopts a report that you can include in a volume, the report and the letters.

MS. SINGH: Any other discussion on this amendment?

MR. RODGERS: That is letter or letters; is that correct?

MR. LEE: That's correct. Might be one from everyone.

MS. SINGH: Any other discussion? Those in favor of the amendment to include letters in the main report?

MR. ZATKIN: In Volume I of the main report.

MS. SINGH: In Volume I of the main report, please raise your right hand.

The motion has been adopted by a vote of 21.

Question, Mr. Perez?

MR. PEREZ: I've got a motion.

MS. SINGH: We haven't finished with this amendment yet.

Mr. Perez.

MR. PEREZ: I'd like to amend amendment 1, and in the first sentence strike the words -- the word "may" and change the word to "shall" so that it would read "voting" -- so it would read: "Shall be composed of the following three sections" instead of "May be composed of the following three sections."

And further, under small (b)(2) striking the words "but not limited to." It's at the bottom of the first page that we're looking at right under "Main Report."

MS. O'SULLIVAN: It comes up again, the friendly amendment, Roman numeral III(c).

MR. PEREZ: Well, that is --

MS. O'SULLIVAN: It's twice.

MR. PEREZ: And also under (c)(3) striking "but not limited to."

Thank you.

MS. SINGH: Is there a second?

MS. O'SULLIVAN: I second it.

MS. SINGH: Discussion?

MS. BOWNE: Just a question.

The amendment that we adopted that Peter made earlier would you in effect, I mean, that Dr. Hauck -- he's not a doctor, that has now become No. 3 because the old No. 3 is out and the new No. 3 is the letters and what have you; is that correct?

MS. SINGH: Correct.

MS. BOWNE: All right. Then I would support this amendment.

MR. LEE: Comment.

MS. SINGH: Yes, Mr. Lee.

MR. LEE: I think that even though some of these purports to be statutory mandated, we can decide whether an executive summary goes in Volume I or Volume II, and I would encourage that for those papers that include recommendations that we have talked about executive summaries that we have a consistent pattern, that the executive summaries go in Volume I and the Volume II have the more extensive background.

Again, they're both being submitted, and it's just what we vote on, and it's all coming from the whole Task Force. I think that will make our next five days of meetings go smoother than having to have Volume I issues in the background

paper.

MS. SKUBIK: There's another way to deal with that which would be by Roman numeral II under that to delete what you're not required by AB 2343. Because what that says -- I should explain -- is that the findings and recommendations don't make it that they're not good enough to substitute as a background paper, and I frankly feel that they should be able to fulfill the statutory requirements. And the findings and recommendations are reporting to the legislature on the very things that they asked us to report on. So even without voting to the background papers, the findings and recommendations should be adequate to satisfy the statute.

So I remember that we take those words out and then Volume I can be satisfied by the statute.

MR. PEREZ: Can we vote on the amendment first?

MS. SINGH: Yes. Let's vote on the amendment which Mr. Perez has proposed to eliminate "may" and then include "shall" so that it reads:

> "The report prepared and submitted to the governor and legislature by January 1998 pursuant to AB 2343, Chapter 815, statutes of

1996 shall be composed of the following sections."

In addition, the motion was made to delete "but not limited to" following (b)(2) under "Main Report" and (c)(3) under "Appendices."

All those in favor of this amendment please signify by raising your right hand.

The motion's been adopted.

MR. SHAPIRO: Can I ask my question now?

MS. SINGH: Yes.

MR. SHAPIRO: On the previous motion that was adopted dealing with the letter or comments from members, may we assume that the chairman's letter with the December 19 deadline is the accepted date that we're using for those letters?

I just raise that that's not in the bylaws. I'm not suggesting it, but that was an issue we raised earlier. We said we would bring it up later.

MS. SINGH: That the letters be submitted to staff by December 19 for inclusion in the document?

MR. SHAPIRO: Is that what the chairman was talking about in the early letter?

MS. SINGH: That's correct. So basically, members, what Mr. Shapiro is indicating is that the chairman's letter asks that any letters or

minority reports be submitted to Task Force staff by December 19 for inclusion in our report. Originally they were going to be included in the appendices, now if this motion does pass, these letters will be included in the main report. We still have to vote on the entire amendment. The papers will be due on December 19 to the staff to ensure they will be included in the report that will be submitted to you for your review by January 5. I would think that that deadline would still apply as indicated by the chairman.

MS. FINBERG: So that deadline you're saying is included in this amendment because then I'd like to discuss that.

MS. SINGH: That deadline is not included in the amendment. That was a deadline that was supplied by the chairman.

Members, we need to make sure all the documentation is ready for your review by January 5 which means we need to mail it out by December 22. In order to ensure that we can photocopy those documents and Federal Express them to you before Christmas, we need to have them by noon on December 19.

MS. FINBERG: I think that might be difficult. It depends. Because we don't know until December 13 what is in the report so --

MS. SINGH: At this point -- I'm sorry,

I think that the December 19 date is not in this amendment and so perhaps we can talk about that at a different time.

At this point, members -- yes, Ms. Griffiths.

MS. GRIFFITHS: I want to raise an issue that I was deferred from before. When I compare the amendments, this particular amendment we're debating now, the bylaws with the letter from the chairman which outlines the tentative report outline I see that one begins with an executive summary and the other begins with a letter from the chairman.

The reason I raise this is -- and I want some clarification about what's intended here in this respect: I think it's for those of us in the legislature who use these types of reports, it's probably without dispute that what's read by most of the readers is the executive summary. And if we're talking about an executive summary that will later be limited in terms of who reviews it and whether we vote on it or not, that's a different matter to me than a brief letter of the chairman's point.

MS. SINGH: If I could just interject. The executive summary will be discussed under agenda item No. 3.

MS. GRIFFITHS: I'd like to know what, before we vote on this amendment, is intended by the

executive summary.

MS. SINGH: At this point the executive summary is intended to be a document that includes -- that basically summarizes the findings and recommendations of the nonmandated reports and the papers that are required by AB 2343.

MS. GRIFFITHS: And who is going to prepare that report?

MS. SINGH: The staff pursuant to the adopted papers.

MS. GRIFFITHS: One of the things that took place between the last meeting and this meeting was a decision was made to take what had previously been characterized as the executive summaries of the reports we've been reviewing and change the names to findings and declarations.

MS. SINGH: That's correct.

MS. GRIFFITHS: And my concern is that by now having a document that we don't vote on and we don't debate in much detail here that's going to be the primary portion of the report read by the public you change the dynamics. I thought what we voted for on risk -- the risk adjustment piece was the executive summary of that piece. Now that's being characterized as a different document and someone else is going to draft a different document which is going to be called the executive summary.

MS. SINGH: Just for clarification, the

paper's originally contained a section called "executive summary" which we simply changed to "findings and recommendations" pursuant to a straw pole so that was just a change. The executive summary that we're referring to now is basically just a summary of the findings and recommendations and the mandated papers that will be included in the main report.

But again, I think that perhaps your questions are directed towards the executive summary because you're asking whether or not we're going to vote on the executive summary.

MS. GRIFFITHS: I'm asking what it's going to look like.

MS. SINGH: At this point, that is what our intent has been.

Mr. Perez and then Mr. Hauck.

MS. GRIFFITHS: But then are we contemplating that there's going to be a chairman's letter in addition to the executive summary. That's not listed here as part of the document before us.

DR. ROMERO: Diane, just let me reflect on the content of the executive summary itself. That will literally be a coalition of the formerly called executive summary now called findings and recommendations sections of individual papers which abbreviation as necessary just to make it fit the format.

I defer to Alain on the chairman's letter issue. But the -- there -- for a variety of reasons some political, some just workload, I don't intend to do any significant original writing or editing in creating that executive summary document. It will simply be a compression of the executive summaries that you have been and will be voting on.

The chairman's letter, do you want to say anything about that?

CHAIRMAN ENTHOVEN: I explained what I think will be in the chairman's letter which is, "I hereby transmit this report of the Task Force's work and findings. For my personal views see the letter later in the report."

MR. PEREZ: There's been a call for the question.

MS. O'SULLIVAN: I have an amendment, a proposed amendment.

MR. PEREZ: I withdraw the amendment.

MS. O'SULLIVAN: I don't think I said it very clearly. Earlier I was trying to --

MR. HAUCK: Alice, can I get my point in first.

MS. SINGH: Yes. We had Mr. Perez first and then Mr. Hauck so --

MR. HAUCK: I want to suggest that we're making a whole lot -- we're making mountains out of things that are not mountains here. And with

due with respect, I think that people are going to pick up this report and use whichever piece or pieces that fit their point of view, not those pieces that don't fit their point of view wherever it may be in the report. Because there's going to be ample material for both sides, you know, to make the case in the legislature and elsewhere that this Task Force didn't know what the hell it was doing nor that it had every single answer to every single problem.

I'm willing to trust the staff to write an executive summary, we've all read summaries like that, and I'm happy to see the chairman's letter then say whatever it wants to say. Wherever physically it happens to be in the document seems to me, you know, to be not of any great concern. And if we continue to discuss an item like this at the length that we're discussing it, we're never going to get through with this.

So I believe the staff and the chairman deserve greater confidence than we are, you know, apparently giving them to do a reasonable job and to interpret what is reasonable and what is not based on the discussion and based on what they've heard throughout this process.

I'd like to see us get on with this and finish these amendments and get into the substantive discussion that we need to have.

MS. SINGH: Thank you.

There's one more question,

Ms. O'Sullivan.

MS. O'SULLIVAN: Yeah. Earlier -- in terms of honoring our time and being careful with our time, I think it's a good idea, and Ron Williams, I think, echoed the same notion, it's a good idea for us to vote on findings and recommendations and not vote on background papers because it's going to take too much time to wordsmith them because they're lengthy and there's a lot of controversial things that come up.

We didn't decide to do that, but we can do that. As each background paper comes up we can say, no, we don't want it in the paper. But I don't think we can do that unless we in Roman numeral II No. 2, delete "which are not required by AB 2343" because what I'm proposing is that the findings and recommendations that we vote on will satisfy the statutory requirement that we have a report on those issues. The findings and recommendations are enough to satisfy that. But if we -- but this says that they're not enough.

So I propose that we delete or I motion that we delete Roman numeral II, No. 2 the words "which not required by AB 2343."

MS. SINGH: There's a motion. Is there a second?

MR. PEREZ: Second.

MS. SINGH: There's a motion. Do I need to read the motion? Discussion?

Call for the question. Those in favor of deleting in No. 2 "which not required by AB 2343" please raise your right hand.

MS. SINGER: Alice, excuse me. I don't think you mean what you recommended. I think what you're looking to do is eliminate the full papers in II, No. 1.

MS. O'SULLIVAN: I want the findings and recommendations to be able to stand for what the legislature asked of us.

MS. SINGER: Only. So you need to eliminate the full papers.

MS. FINBERG: Not necessarily.

MS. O'SULLIVAN: No. I want to say that the findings and recommendations are the full papers.

MS. SINGER: Exactly. So from here you want to eliminate in No. 1 the words "full papers."

MS. O'SULLIVAN: We can eliminate "full" and say the papers that are required by --

MS. SINGER: No. There you want to replace it with "the findings and recommendations."

MS. SINGH: I understand. I see what you're saying.

So, members, is there any objection to

changing Ms. O'Sullivan's amendments to indicate instead of saying "the full papers" that we just say "the findings and recommendations section."

MS. BOWNE: If I'm not mistaken, I think some of the required background papers don't have findings and recommendations anymore.

MS. SINGH: Some of the papers do not have recommendation sections, but I understand that all of the papers will have some kind of finding, whether they don't have recommendations.

Okay, members, I'm sorry, I would just like to take another vote on this. We're going to change "the full papers that are required by AB 2343" to read "the findings and recommendations sections of those papers that are required by AB 2343."

MS. FINBERG: Can I ask a question to see what that means by posing an example. The paper on the effect of managed care on quality access and cost. Does that mean that just the first part of that paper is going to be voted on in the main section and that most of the paper is now off the table for --

MS. SKUBIK: It's in the appendix.

MS. O'SULLIVAN: And the profile paper, what would happen with that?

MS. SINGH: The same thing. All of the papers. Basically, what you're saying, members, is the main report will only contain a findings and

recommendations section.

Mr. Williams.

MR. WILLIAMS: Yeah. I would raise -- at least as a matter of discussion, is it appropriate to consider focusing on the recommendations themselves as opposed to the findings and recommendations?

MS. SINGH: Some papers don't have recommendations. For example, the health industry profile papers is simply a descriptive paper.

MR. WILLIAMS: Okay. I just -- whatever.

MS. FINBERG: But for all the others except those two we can follow what Ron suggested.

MS. SINGH: So you're saying -- well --

MR. WILLIAMS: I'm raising it as a question for consideration.

MS. SINGH: Okay. Any other question?

MS. DECKER: Can you restate the motion?

MS. SINGH: What we're doing, members, is amending amendment No. 1 under B "Main Report." We're deleting the world "full," and we're substituting it with "findings and recommendations sections of."

Those in favor, please raise your right hands. The motion has been adopted.

MR. PEREZ: Call the question on the

main motion.

MS. SINGH: The question has been called. Those in favor of adopting amendment 1 as amended please signify by raising your right hand. It's been adopted by 22.

We move to the second amendment.

DR. NORTHWAY: Can I just ask a question? There will now be three volumes, as I understand it: one in the executive summary; two, a main report; and three, the amendment that Mr. Hauck raised about that it will include papers that are signed or authored by a Task Force member; is that correct?

MS. SINGH: Those letters will be included in No. 2 under "Standing Rules."

DR. NORTHWAY: So it will be Volume I which is the summary, Volume II which is the main report, plus things that are authored by Task Force members.

MS. O'SULLIVAN: Volume I has the summary, the main report.

MS. SINGH: No. Actually, Dr. Northway is correct. If you look at the standing rules, those standing rules themselves have one, two and three. One is the executive summary, two is the main report, and three is the appendices. This particular document is not consistent with the volume as indicated in the chairman's report because this is a

more extensive outline, this is a very general outline, and so that is correct.

MS. FINBERG: I don't think they're inconsistent. Can't there be more than one section in Volume I?

MS. SINGH: At this point, members, we have three sections.

I think we should move on to amendment No. 2.

MS. O'SULLIVAN: I don't.

MS. GRIFFITHS: Two volumes or three volumes?

MR. TIRAPELLE: Sections and the volumes do not necessarily have to be the same thing.

MS. O'SULLIVAN: I'd like to make the motion that there are two volumes, and the first volume include the executive summary, the findings and recommendations and the letters signed by Task Force members, and the second volume includes everything else.

MR. PEREZ: Is what you're saying that you want Volume I to include sections 1 and 2?

MR. LEE: Yes.

MS. O'SULLIVAN: Yes.

MS. SINGH: That's the intent. I'm sorry, that is the intent as indicated in the chairman's outline that that be.

MS. O'SULLIVAN: That's great.

MS. SINGH: Let's move on to amendment No. 2. Basically amendment No. 2 reads:

"The components of the main report as described herein shall be individually scheduled for a Task Force vote at a meeting conducted in accordance with the requirements of the Bagley Keene Meetings Act and must be adopted in accordance with the provisions set forth in Standing Rule No. 4.

"Once a paper or a findings and recommendations section has been adopted by the Task Force, no further vote is required unless a simple majority of the total authorized members, appointed Task Force members move to vote to make a change."

Before we begin discussion I would like to indicate that in accordance with the amendment made to amendment No. 1, the main report is only to contain the findings and recommendations sections of all papers. So I would like to offer that as just a technical amendment before a motion is made. It's simply a clarification issue.

Yes, Mr. Perez.

MR. PEREZ: Yes. I'd like to move up

the phrase "Standing Rule No 4."

MS. SINGH: You'd like to move --

MR. PEREZ: I'd like to move amendment 2 ending with the phrase "Standing Rule No. 2."

MS. SINGH: Is there a second?

MR. LEE: Is that rule 4?

MS. SINGH: Rule 4.

MR. PEREZ: I'm sorry.

MS. SKUBIK: Discussion?

MR. PEREZ: Basically, everything after the phrase "Standing Rule No. 4" really refers back to sections in Robert's Rules dealing with reconsiderations of motions. And I don't think that we should differentiate between things that were affirmatively acted upon versus those which did not get affirmative vote. And by just eliminating all that language, then we must go back to Robert's Rules, and it keeps us from reopening discussions that we already had unless there's a big majority doing it, and it doesn't differentiate between the positive and the negative.

MS. SINGH: Mr. Perez, can I suggest that perhaps that what you're proposing is to amend amendment No. 2, to delete the sentence after "Standing Rule No. 4."

MR. PEREZ: Right. But by doing that as part of my motion we don't have to vote on the amendment separately from the main motion.

MS. SINGH: Okay.

MR. KERR: Does the impact of this make it more difficult for us to change our minds?

MR. PEREZ: Yes. Yes.

MR. KERR: Are you making this more difficult for us to be free and democratic?

MR. PEREZ: No. I making this more difficult for us to waste time by going back and covering information that we've already made decisions on.

MR. KERR: Even if the majority wants to?

MR. PEREZ: No. The majority can always do it.

MS. SINGH: Is there any discussion on the proposed motion? If not, I'd like to call the question.

Members, those in favor of adopting amendment No. 2, up to the sentence ending in "Standing Rule No. 4" please signify by raising your right hand.

Motion's been adopted.

Next, members, we'll move to amendment No. 3 which reads:

> "Since the executive summary is a summary of the main report as adopted by the Task Force and individual components, this document

does not require adoption by the Task Force."

Discussion before it's voted on.

MS. FINBERG: I do want to speak to that because I think it goes to the issue that Diane was talking about before in distinguishing between the chairman's letter and the executive summary. Because I view the chairman's letter as something that the chairman drafts and it's his prerogative and it can say more than this is attached.

CHAIRMAN ENTHOVEN: No. That is going to go in the letter at the end.

MS. FINBERG: The executive summary, however, I do think is critically important and that all the members of this Task Force are very concerned about what it says because it is the document that will be most read. So I feel that it should be voted on, and I don't by saying that mean at all to denigrate the chair or the staff. I think it's the most important piece of paper. So I very strongly urge members to ask for the opportunity to review the executive statement, not the chair's letter.

MS. SINGH: Mr. Perez.

MR. PEREZ: Seeking the chair's indulgence, I'd like to move amendment 3 -- I'm going to read it right now.

"Since the executive summary is a summary of the main report as

adopted by the Task Force individual components, this document requires adoption by the Task Force."

So in essence, what I'm doing is restating it, deleting the words "does not," adding an "S" to the end of "require."

MS. SINGH: So Mr. Perez has made a motion. Basically we didn't have a first motion so we just need a second on the motion.

UNIDENTIFIED SPEAKER: Second.

CHAIRMAN ENTHOVEN: John, by way of discussion, I'd restate the point I made before which is we can have people vote in majority in favor of individual recommendations like standardization, risk adjustment and so forth. But when they look at the whole package it will be negative so it increases greatly our chances of having a report that does not pass.

Now, if you want to do that, that's perfectly okay with me as long as we get this done by January 5. But I think that it is -- it's running a substantial risk. I mean, I've heard from some members that the cumulative effect of this is going to drive up costs a whole lot, so maybe I can't support it.

So what I've been hoping to do is take it in pieces. So it's just to say that if people vote for your motion, then I think that they're

creating a substantial risk that we will get a report that gets five favorable votes, one that I may not be able to vote for.

MS. SINGH: Dr. Rodriguez-Trias.

DR. RODRIGUEZ-TRIAS: Yeah. I think logically the sum should be -- the sum of all the parts, I mean the whole should be the sum of all the parts. However, I do think an executive summary to be an effective executive summary for this document will have to do some summarization of what these recommendations are. Because if we agree on the recommendations by pieces which we must and then just tag them on one after the other, there will be overlap, there will be repetition. I think that the first cut that the staff has taken at the crosscutting and overlapping and summarizing will serve somewhat as a template or should serve as a template for the executive summary.

So I'm in favor of our reviewing the executive summary to assure that it reflects the content of the sections that we agreed upon before the executive summary as truly as possible. I agree with Alain. I think it is a risk, but it's a risk we must take.

MS. SINGH: Dr. Alpert.

DR. ALPERT: First of all, I agree with everything the chairman said about the risk. Unfortunately the problem I'm having now is we're

provided in today's packet essentially a brief summary for our own working purposes of recommendations so far.

And if you look at them, at what some of them have, there are some -- there's one at least I saw where the actual intent of the recommendation really isn't communicated, and it's not -- and I'm sure it has nothing to do with premeditation, it's a problem of the compression process. And if that can happen easily here where there's -- where this is simply for communication, then we potentially can have the same thing fall through the cracks and communicate something we really didn't mean, and that's a risk that we're doing. If we could figure that out and avoid the risk as the chair was saying because I agree with that, but this is a tough one.

CHAIRMAN ENTHOVEN: Well, maybe the best thing is not have an executive summary.

DR. RODRIGUEZ-TRIAS: It will be unreadable.

MR. LEE: I think that, Alain, you're concerned about people voting and not voting on the executive summary -- the vote on the executive summary. I think the intent is not that you support all those recommendations is they accurately reflect what is in the report, it's a separate issue entirely from saying -- now that I've got your attention, what I'd like to say the other thing -- so I think that

issue I think shouldn't be an issue.

The other issue which I understand is a timing issue which is problematic in terms of January 5 because I think that we wouldn't be able to have an executive summary until January 5 given that we won't have everything voted on. And I think it's appropriate to have that January 5 comments on clarifications of that executive summary which means the final release may take a week after that because staff will then be charged in their good judgment to incorporate clarifications from the Task Force members. And I think that's not an issue again.

CHAIRMAN ENTHOVEN: Steve.

MR. ZATKIN: It seems to me that one option is not to have an executive summary because of Alain's point, and if we did have an executive summary, I think there would be a reason to have a full vote on it. So I would -- I guess I would recommend not having one.

CHAIRMAN ENTHOVEN: All right.

MS. SINGH: Ms. Decker.

MS. DECKER: I'm actually echoing Peter. And I was going to skip, but because of what Steve just said, I have to talk now.

I do think that the vote on the executive summary should be does this summarize the findings and recommendations in the other pages, not whether we agreed with all of them. And we should

characterize the vote in that way so we can all vote without having to have a fail and fall off the cliff that I think the chair is concerned about.

MR. ZATKIN: That's okay.

MS. DECKER: And I do think that as a business person the chances of me wading through however many volumes this is to find the information without having an executive summary is really making it much less useful. I think it's very important to have executive summaries.

MS. SINGH: Mr. Rodgers.

MR. RODGERS: Yes. Can we just say that in the statement, because that's not what the statement says here, that we're voting on form and content and leave it at that, that we're not revoting all the recommendations. So if we could put that in there in the motion.

MR. LEE: I think that a friendly amendment would be required adoption by the Task Force and such adoption shall not mean support of any particular recommendations therein or even --

MR. PEREZ: As the maker of the motion can I maybe state that we would append to the sentence there as to form and content.

MR. RODGERS: That's perfect.

MR. PEREZ: And that would be friendly to me. At the end of the word "Task Force" we should insert the words "as to form and contents."

Who seconded it?

MR. LEE: I did.

MS. SINGH: Does anybody have any objections? Members, are we ready to take a vote on this amendment? Okay, thank you.

Those in favor of adopting amendment 3 with the alterations by Mr. Perez please raise your right hand. The motion's been adopted by 23 votes.

Next amendment No. 4 which reads:

> "Since the appendices are supplemental information which simply serve to support the main report, these documents do not require adoption by the Task Force."

MS. BOWNE: So moved.

MR. RODGERS: Second.

MS. SINGH: Any discussion?

MR. LEE: If there's papers going in that we haven't seen, I'd like to see them. And I think one of them may be the public perception paper. I don't think we need to vote on things that are not subject to votes, but it would be nice that all Task Force members have an opportunity to review and comment on all materials. That's just a comment. I still will support the motion.

MS. SINGH: Those in favor of adopting amendment No. 4 please raise your right hand. The

motion's adopted with 20 votes.

Members, the last amendment.

MR. PEREZ: The Fifth Amendment.

MS. SINGH: It reads,

"At the January 5, 1998 meeting or a date otherwise adopted by a simple majority affirmative vote of the total authorized membership of the Task Force, Task Force members shall consider a range of possible statements to be used and transmitting the complete report to the governor and the legislator as required by AB 2343."

For example, from a minimal quote, "This report reflects the findings and deliberations of the Task Force," unquote, to a strong quote, "A majority of the Task Force endorses and supports the findings and recommendations reflected in the report," unquote. Sort of statement, "the objective will be to adopt the strongest statement that commands majority support. Any such statement must be adopted by a simple majority of the total authorized members of appointed members of the Task Force."

Discussion before motion is made?

CHAIRMAN ENTHOVEN: I have a suggestion.

MS. SEVERONI: Move it and then --

CHAIRMAN ENTHOVEN: I'd like to delete "or a date otherwise adopted by a simple majority of the affirmative vote of the total authorized members of the Task Force."

In other words, to remove any ambiguity about the January 5 deadline.

MR. RODGERS: And does members present; is that correct?

MR. PEREZ: No. Total authorized.

MR. RODGERS: So you can't proxy vote?

MS. SINGH: Our bylaws do not allow for any proxy votes.

MS. GRIFFITHS: So that's a friendly amendment that someone would have to move contrary to that reinserted, is that --

MS. SINGH: No. The motion has not been made yet so we don't actually have to vote on the amendment that the chairman has just made.

MR. LEE: Second the motion.

MS. SINGH: Is there a motion to adopt this amendment?

MR. LEE: I thought that's what Alain did.

MS. SINGH: No. He just made the change.

MR. RODGERS: I move.

DR. RODRIGUEZ-TRIAS: I second.

MS. SINGH: Any discussion?

Mr. Shapiro.

MR. SHAPIRO: If the December meeting goes like today's meeting and we are far, far behind, the choices among the members then to try and schedule -- and there's a conclusion that there's more time because I see nothing in the statute that says January 5. Then --

CHAIRMAN ENTHOVEN: The statute says January 1.

MR. SHAPIRO: You're already late. I'm wondering if we're removing prematurely an option for this body to consider slipping the deadline in January as opposed to forcing Christmas holiday meetings. I'm wondering why it's necessary at this point to preclude that option.

MR. LEE: First, a good news note. I think the time allocation which I think was a valuable thing was we aren't that behind and we need to move on and get the substance. But as of now for time budgeted we're doing okay, believe it or not, and I want to get to substance too. I mean, I support this amendment as proposed because the majority in December can still reconsider as a majority say we need more time. So pulling this out is fine, if the majority of the Task Force feels we are so bogged down, January 5, January 15 we can always consider it and let's adopt this. The whole Task Force can still act on a later time frame if we

need it in December.

MS. GRIFFITHS: Wouldn't your interpretation be that there would be an open meeting, though?

MR. PEREZ: Echoing what Peter just said, deleting the parenthetical statement doesn't in any way limit our ability to table something to a time specific or a time uncertain.

DR. ROMERO: Right.

MS. FINBERG: So why are we deleting it then?

MR. PEREZ: It really doesn't make much difference.

MS. GRIFFITHS: Question. If that's deleted and we find ourselves needing additional time, would we be able to at the meeting in December, or whatever date it happened to be that that dawned on us, to make a motion to have an additional meeting or would that have to be on the agenda before we could do that?

MS. SINGH: In that event, we could -- staff could agenda on December 12 or 13 a discussion of this issue, if necessary. That way if Task Force members felt it was appropriate to change this date at that meeting, it would already be agenda'd and we could do so at that time.

MS. FINBERG: So we have a commitment to that?

MS. SINGH: Yeah. That will be reflected on the agenda.

MR. PEREZ: You will agenda other potential meetings too?

MS. SINGH: Additional meeting dates, yes. That will be on the agenda.

MS. O'SULLIVAN: For each day, you may not know when.

MS. SINGH: We'll carry it over.

DR. ROMERO: Just one comment on the procedure but the principle, having -- because all eyes are on this Task Force to make recommendations to allow legislation to move forward at the beginning of next year I think -- I personally think it is not in our interest to delay completion of our work and therefore I am comfortable with holding our feet to the fire even though it means I'll lose my Christmas as well as Thanksgiving.

MS. SINGH: Those in favor of adopting amendment No. 5 please raise your right hand. The motion's been adopted with 21 votes.

Thank you, members.

At this point, Mr. Chairman, would you like to have a 5-minute recess for the court reporter to change paper?

(Recess.)

CHAIRMAN ENTHOVEN: Without objection I propose that we next move on the schedule -- if I can

find the right thing, is to do health industry profile and the managed care's impact on quality access and cost.

MS. SINGH: That's tab No. 5(e), members.

MS. BOWNE: Why are you switching the order?

CHAIRMAN ENTHOVEN: Because of Peter's request that we put the consumer choice after lunch so that people would have time -- we're trying to collate and present a simplified thing which is in your folders.

MR. LEE: My request was for tomorrow, but lunch will help.

MS. O'SULLIVAN: I'm sorry.

MS. SINGH: Mr. Chairman, we have -- the first paper up is the standardization of health insurance contracts, findings and recommendations, not choice, so do you still want to -- we're right here (indicating). That's the first paper that's to be considered at this time.

CHAIRMAN ENTHOVEN: And then do choice.

MS. SINGH: That is 5(b).

MS. O'SULLIVAN: Dr. Enthoven, this morning I raised the question about a statement that says this isn't everything that's important and we agreed that it was going to come before we got into substance.

MR. LEE: On January 5 we look at different languages for conveying the report that also be some proposed languages to that end as well. And the language we're talking about is language to make clear that issues we did not address should not be taken as either endorsement or condemnation and we'd even circulate drafts at the next meeting.

DR. ROMERO: And per your suggestion I drafted something and I will see show it to you off line.

MS. O'SULLIVAN: Can we agree now that it's going to be prominent in the report and not something that is going to be buried in the report, sort of something that's buried on the cover, maybe?

CHAIRMAN ENTHOVEN: Bold 24-point type.

MS. SINGH: We'll have lights, Mr. Chairman.

We have one member of the public that wants to talk about this paper.

CHAIRMAN ENTHOVEN: Okay. Do you have your time?

MS. SINGH: Three minutes.

CHAIRMAN ENTHOVEN: We have one speaker on the standardization of benefits paper, Ms. Maureen O'Haren of the California Association of Health Plans. Thank you very much for coming.

MS. SINGH: Unfortunately the mike is not working. The audio visual people are on their

way.

MS. O'HAREN: I'll try to speak a little louder.

I represent 34 licensed Knox-Keene plans. We're concerned with some of the recommendations in the standardized and health insurance contracts paper.

At first blush the idea of creating five reference packages that are on the shelf for perhaps a new purchasing pool to use or a large employer to use to standardize their offerings seems like a nice idea. But the way the idea is framed in this paper raises some concerns for us.

First, because it talks about using this in an individual market where there is no group sponsor. As the paper states, this is something that is used within a sponsored group and not something that is for some individuals in the market. That's the first concern, we're kind of wondering where this is headed.

It's also suggested that it be used in the small group market not -- and it doesn't state clearly that it be used within a small group purchasing group.

As you may know, the small group market reforms require that health plans in that market affirmatively offer, market and sell all of the different benefit packages that they sell in the

small group market. So in response, health plans have limited the number of packages because it's very expensive to market throughout the state to every small employer a wide variety of benefit packages. So for a plan to all of a sudden add these five on would take some time because they wouldn't want to offer a lot and they would have to switch this as they renew and plans aren't likely to adopt these five off the shelf.

So this is another concern that you framed this as part of the small group market when it would probably be best used for, say, large employer that really doesn't want to take the time to create one of these packages or in a new purchasing cooperative that's starting up that just wants something that a committee has developed that they think has got some validity.

The final concern is the requirement that a plan describe how their package differs from one of these reference packages upon request by a consumer or employer. First of all, it wouldn't be relevant if the consumer employer would be interested in package A while the plan had written its description is compared in package Z.

But it also presumes that these five reference packages have some sort of validity or, you know, regulatory significance, and we're concerned that this would lead down the path of requiring these

benefit packages in the marketplace. And what you want to do is foster innovation and creativity in the marketplace.

If you set up this committee and create these benefit packages in 1998 you may preclude this innovation down the road. As you may have read in some of the newspapers recently, a number of our member plans are now adding acupuncture benefits and chiropractor benefits, things we would never have seen in the benefit package 10 years ago. So I don't think we want to do something that becomes a regulatory tool in any way.

Those are our concerns.

CHAIRMAN ENTHOVEN: Thank you. All right. So now, well, we have the paper before us. And per Ron William's suggestion we'll go right to the part Roman numeral III "Findings" and recommendations and just talk about the recommendations.

Yes, Rebecca.

MS. BOWNE: I was not present at the last meeting, the one meeting I missed, when this paper was initially discussed. And I have very, very big concerns with this paper.

There are few nonlarge HMOs represented on this Task Force, I happen to represent one of them. And what I'm concerned about in this paper starts with the title about standardized health

insurance contracts. And the contract is the legally enforceable document. And what I would suggest to you is I think what we mean to accomplish by this, although not having benefitted with prior discussion I may be misjudging this, but what I think you want is benefit format and terminology that are easily understandable and easily comparable. And I think that that is a different notion than having standardized contracts, per se.

And I think that if we could amend the first recommendation so that we're saying the development of standard reference scopes of benefit with common terminology or something along those lines, because as the representative from the HMO industry was indicating, the companies that I represent and work with, it is very expensive to develop and maintain different benefit packages. We are required by law to guarantee issue any benefit package in the small group market to any small group employer who requests it.

Now, I would certainly agree with the thrust of this paper that it would make it easier for employers and individuals to select a benefit package if common terms, standardized language, standardized formats for what is included were all available. But I think we're sort of overstepping the bounds to say that the coverage contract we would have those identified in both, you know, the title and in

recommendation 1.

Further, in recommendation 2 we would prefer that this made very clear that these so-called standardized blessed fast tracks are optional but not required.

We already have standardized language, as you know, under Knox-Keene. This would extend it further, you know, onto other kinds of plans.

CHAIRMAN ENTHOVEN: Do you have specific changes in language you would like to suggest, then?

MS. BOWNE: In recommendation 1, line -- well, first of all in the title. Standardizing health insurance, to delete the word "contracts or models" you could say "models" if you want to but not "contracts." "Contracts" has a legally enforceable terminology and connotation attached to it. Okay.

Then in recommendation 1 to again take out the word "contracts" so it's development of standard reference coverage. And I'm open there. If you want to say, you know, scope of benefits, standard language and terminology, standard formats, whatever. "Models," that's fine. And that the language in --

MR. LEE: Maybe just can we pause there, and I would suggest if anybody else has comments on recommendation 1 we take those now and

move a vote on this and then move onto the next recommendation.

CHAIRMAN ENTHOVEN: Any other comments on recommendation 1?

MR. HAUCK: I may be mistaken, I concur with -- I may be mistaken, but there is a bill, I believe it's in the senate floor or close to being there by Jack Scott, AB 607, which essentially would accomplish your recommendation that's being made.

If that's true, why don't we consider recommending support with the enactment of this measure?

CHAIRMAN ENTHOVEN: When people are saying no bills, they're not referring to you, Bill.

MR. HAUCK: I don't care how you --

DR. KARPF: I just want to be certain that we don't take this issue to legislation. If we start taking positions to legislation, then we may, in fact, be taking positions on other issues by not acting, and that would be inappropriate.

We do not need to get into the political process. We need to stay at the fundamental, philosophical level.

MS. FINBERG: I just wanted to comment on the underlying part of the state's health plan regulation agency or agencies.

I think that language was put in to ensure that if there is a recommendation, that it not

be the Department of Corporations but some other agency that regulates managed care.

CHAIRMAN ENTHOVEN: Leave it open.

MS. FINBERG: What concerns me, though, is this phrasing is a little bit ambiguous. So I'd rather -- and we discussed that later and develop some language in the information paper, it's the agency or agencies that regulate managed care. Because this is just a little bit wider than maybe we mean. So -- and it seems like this issue will come up throughout our recommendations, so I would like to suggest that the language be -- the state agency which regulates managed care entities.

DR. ROMERO: That was crafted in which paper?

MS. FINBERG: Well, we had some language in the consumer information.

DR. ROMERO: I just needed to know if I needed some documentary record.

DR. KARPF: I actually feel very comfortable with Rebecca's comments. I think that what she is trying to address is the issue of clarity of language and structure for comparability's sake as opposed to defining contracts, per se, which isn't the purpose of this committee.

So I would suggest some language in there that says something to the point that agencies adopts proactive policy for development of standard

coverage models which emphasize clarity of language and structure in order to enhance comparability for consumer and purchasers.

MR. LEE: Do you want an amendment to that? It includes benefits. Part of the standard reference point is that the benefits give a reference as described. So it's not just the clarity of organization.

DR. KARPF: Structure is what I meant by benefits. So there would be a number of very key benefits and language so folks could have a matrix. So if you're the beneficiary, here's what you get and say where you're at. It's a fine point between a single model. They're long continuous models because insurance companies may, in fact, develop models to take one element from one model and one from another. So it would be a subcompact in one and a luxury model in another.

CHAIRMAN ENTHOVEN: Michael, could you just read me those words again so I could write them down.

DR. KARPF: Coverage models that emphasize clarity of language and structure in terms of benefits in order to assure comparability for consumers and for -- for purchasers and consumers.

CHAIRMAN ENTHOVEN: Coverage models that emphasize clarity of language and --

DR. KARPF: And structure, including

benefits.

CHAIRMAN ENTHOVEN: Structure, including benefits in order to --

DR. KARPF: -- to emphasize or ensure or enhance comparability from the purchasers' point of view of purchasers and consumers.

CHAIRMAN ENTHOVEN: Okay.

John Ramey.

MR. RAMEY: I'm speaking against the amendment.

CHAIRMAN ENTHOVEN: Okay.

MR. RAMEY: I think the contract is the only legally enforceable part of the transaction between the consumer and the health plan. And if that is not standardized, then there is no point in the standardization exercise, really. Because what we're really talking about is a comparison between what you're receiving ultimately from the health plan one to another.

And the standardization of that contractual language would mean that you could actually compare one to another in terms of its service elements, not just by trying to figure out as a consumer what this vague language means.

And so I think to take it out of the context of contractual only legally enforceable part of this relationship you're just lending more to the confusion that now exists. And so I don't think it

gets anywhere near what the language was originally intended to mean and I think it's not just a cosmetic change, it's a fundamental change in the meaning of this recommendation.

CHAIRMAN ENTHOVEN: Peter Lee. Then Ron Williams, Steve Zatkin.

MR. LEE: I think recommendation 3(a) gets to the issue you're talking about. I think, John, maybe I'm missing it. I think the separate recommendation is there be a standard outline terminology as evidence of coverage which is the contract that folks work with, and this is, I think, a separate issue in terms of the consumers aren't going to look at a reference package if what it is is a 20-page contract. What they want to know is here's the block of benefits that are covered under X, here's the block of benefits under Y, here's the exclusions and et cetera. So I'm -- I think the issue that you're addressing should be covered under 3(a).

CHAIRMAN ENTHOVEN: Okay. Brad Gilbert.

MR. GILBERT: The only thing I'm trying to figure is we're trying to standardize what the consumers and employers can make choices about benefits in the plan. The contract -- as I think as the reference of the contracts is between Ron and the medical group or the employers, either one, but

that's not what we're trying to get at. Consumers and employers can understand the framework of a typical set of benefits explained in a way that's understandable. So the contract seems sort of -- seems irrelevant, that's why I support that we're really talking about benefits and the description of those benefits.

CHAIRMAN ENTHOVEN: The reason we're saying contracts, to reenforce what John was saying, is because that's kind of where the fine print is.

Let's see. Ron Williams.

MR. WILLIAMS: Yeah. I would speak in support of Rebecca's position. I think what we want are standards not standardization. It comes back with this concern I have about one size fits all. That we're basically saying that someone who has a young family, has the same interests and the same kind of health insurance package than someone who may be at a different stage in their life.

The consumers need comparability so they can understand what they are receiving and have a great deal of clarity about that. So I think standards are extremely important, I worry about standardization.

The other thing that I think is extremely important is to make it clear for health plans it's optional to provide these kind of packages, that this is a reference package. If the

market finds value in it, then the market will really end up influencing what gets purchased and people will begin to move into that direction.

CHAIRMAN ENTHOVEN: Okay. Dave Werdegar, did you have your hand up?

MR. WERDEGAR: Yeah, I did. And it was only to recall what the earlier considerations were with regard to the phrase in No. 1 that says that health plans can offer without new approvals.

Was there some thought that by having the standard contracts there's an expedited way of making health plans available? How important was that?

CHAIRMAN ENTHOVEN: An alternative wording would be to say on a fast track basis through the regulatory process. I mean, now there is a problem that --

MS. BOWNE: You're on a different number.

MR. WERDEGAR: That's still on No. 1. See, my sense was that some of the issues of comparability, model, scope of language and so forth are taken care of in subsequent sections that we have not yet come to. For example, 3(a), I don't have strong feelings about this, but I wondered how important from previous discussions it was that we have some standard contracts so that the approval process can be expedited.

CHAIRMAN ENTHOVEN: Well, I received a friendly amendment that says instead of without new approval that each case state the same idea as upon a fast track basis through the regulatory process. One of the problems is there will be contracts that will be out there, somebody else wants to use them, and then they have to go through the whole process all over again. So part of the idea is to say we'll have this library that have been reviewed and approved and if you want to use those, you don't have to wait 90 days or 60 days or take your chances that you get a different official at DOC that sees it differently, that was the thought.

Let's see, Allan Zaremberg.

MR. ZAREMBERG: Was it your intent in drafting it that this would be the only products that would be made available?

CHAIRMAN ENTHOVEN: Absolutely not.

MR. ZAREMBERG: So I think there's some confusion, just to clarify that.

CHAIRMAN ENTHOVEN: Absolutely not, no. This is just start of reference standard to say here are some policies out there that, you know, these various groups have developed and think is a good policy. I suppose consumers unions could -- it's just --

MR. ZAREMBERG: I know. I appreciate that. I just wanted to clarify that.

CHAIRMAN ENTHOVEN: Steve Zatkin.

MR. ZATKIN: This set of recommendations talks about three different things: benefits, contracts and evidence of coverage. As far as standardization of benefits moving toward that, I actually support it and I think this moves us a bit toward in that direction, although not far enough.

I think as far as standardization of contracts, that's not of huge interest to the consumer except insofar as it relates to hidden exclusions, that is things that aren't readily apparent. And I do think the issue is addressed under 3(a). So I guess I would support the amendment to one recognizing that there are these other issues that need to be -- that need to be addressed.

As far as the fast track, Alain, I'm not sure that's an issue. Maybe people found it such.

Maureen.

MS. O'HAREN: I think that the concern from our end of it was that we probably would never be able to do anything without some sort of approval by the DOC, so fast tracking was the best we could hope for.

MR. ZATKIN: So are you looking, then, for a standard reference contract that you could fast track?

MS. O'HAREN: I think we would agree

with Rebecca that the group service agreements portion of the contract begins with the relation between the plan and the employer group which would be not something that can be standardized.

But that the benefit portion, and that would be something, again, optional -- and I think John is right to the extent that there is benefit language that discusses -- there's contractual language that discusses the benefit or describes to what extent the benefit's provided. For example, the HIPC, there's reconstructive benefit surgeries covered, it is covered for functional things only. That's a part of the contract. I think that's something that people want to know about and have standardized in some way.

CHAIRMAN ENTHOVEN: Bill Hauck and then Maryann.

MR. HAUCK: Let me suggest a different language. Look at No. 1 and after the words "toward the development" you would put -- you would take out the rest and say toward the development of a uniform health plan benefits and coverage matrix that would include specified information in order to facilitate comparison between plans and contracts.

CHAIRMAN ENTHOVEN: Bill, that idea is down in 3(a), really. That is one thing, to get some contracts out there that people could adopt safety, and then the other down there is standard outline

definitions terminology.

MR. LEE: I think they're different.

CHAIRMAN ENTHOVEN: Let's see, okay.

Barbara Decker.

MS. DECKER: I do think there seems to be several different items here that people have pointed out. And I am concerned that unless -- I don't think they can easily both all be achieved and so I think we should be clearer on what we're trying to accomplish. The idea of providing information to help people making decisions on what kind of plan they have requires a certain kind of information.

The idea of having plans that are standard, that are -- take one from column A and all the contract languages out there, that's a really different animal to me, that has a lot of legalese that all's been agreed to and accepted as the standard. And I just -- I guess I don't see how these exactly fit together into this one set of recommendations.

And if someone has a better understanding of how these work together, I'd like to hear a discussion around it.

CHAIRMAN ENTHOVEN: Maryann.

MS. O'SULLIVAN: I agree with Barbara, I think it's two different things, and I recommend that we keep the word "contract" in No. 1. We're not only talking about agreements between sophisticated

big purchasers of health plans, we're also talking about small businesses and individuals who need to be able to read their contract and understand them or who may be purchasing them on their own. I think the standard reference contract would be a great benefit.

CHAIRMAN ENTHOVEN: Terry Hartshorn.

MR. HARTSHORN: I would support taking out the contract language. I agree that the consumers need to have tools to compare and contrast and evaluate and make good choices, but I don't want us to take out market flexibility. If somebody wants to add on benefits and you said that wasn't the intent, but when we get to that section, how will that work because if we're adding a lot of extra expense to a process I think we're backing up there.

CHAIRMAN ENTHOVEN: It wouldn't be compulsory. It's just something out there that people can use.

MR. HARTSHORN: Then could I ask if a buyer of health benefits wants to take acupuncture and mental health benefits and that's not in the standard package, what happens here?

CHAIRMAN ENTHOVEN: I suppose he can go to his carrier and say I want package A plus acupuncture.

MS. HARTSHORN: But you're now restricting that in any way or slowing down the process because it's not in the standard language.

CHAIRMAN ENTHOVEN: I'll tell you, you think about your own personal experience buying other kinds of insurance, I'm sure you all have this. Homeowners insurance, for instance, what do I do. I call two or three agents say what do you got and the complexity is endless. In fact, in that particular event for me what happened is I called my father who is the vice president of an insurance company, I said, "What do I do?" He said, "Well, I know what you need; you need Broad Form A. Just say that to all of the agents." So then I was able to get price quotes on the same product.

I think the idea of the contract is so somebody can go out to the market and say, "Please give me quotes on plan A." Now, we're not compelling the insurers to issue plan A, and we're not compelling the customer to restrict himself to plan A, but we're saying put some tools out there like that and they have, you know, they can feel confident that the fine print have been voted by consumers union and other worthy bodies that doesn't have what some of my doctor friends have called swiss cheese policies where there's air pockets.

MR. ZATKIN: Those are in the evidence of coverage. Where is John?

MR. RAMEY: I fail to see that an evidence of coverage is not a contract. I mean, I think even a lot of evidence of coverage have the

word "contract" in them, that evidence of coverage is a contract, it's a part of the contract. That's why I can't distinguish between these one, two and three here because I think basically in my mind they're all contracts between the person who the service is being delivered to and the sponsoring end of this carrier.

CHAIRMAN ENTHOVEN: Let's see, Michael Shapiro.

MR. SHAPIRO: At the last meeting the issue of whether these would be mandated contracts were clearly rejected, I proposed it. And that anyone can offer anything they want, there's no limitation on what you offer, there's simply a reference point that you must compare your products to if asked. You don't even have to sell those reference points. We moved away from what the large groups do, they require you to sell those.

Here's my question: Rather than reinventing the wheel, it was my understanding from the background paper that CalPERS and PBGH and the HIPC and others actually do have something called the standard -- I mean they've got -- if the contract is evidence of coverage do we reinvent the wheel or do we simply -- is that the model we should use for the reference package?

CHAIRMAN ENTHOVEN: As I understand it -- well, you know, in this uncertain world no statement is perfectly true. The policy of CalPERS

is to have a standard contract and has been working their way through that. I haven't got an up-to-date report, but when I was working on that -- now, they ran into problems like a hypothetical company like Blue Shield might have a problem that they have a fine print exclusion that says we don't pay for swimming pools. Why do you have that exclusion? Well, we have the sad experience that somebody sued us and won the suit and we had to pay for a swimming pool. If you carry this through ultimately to the CalPERS you'd say, okay, if that exclusion of swimming pools is good for Blue Cross, it's good for everybody so we put that in all of them.

MR. SHAPIRO: I'm saying those large groups do have a standard contract.

CHAIRMAN ENTHOVEN: Yes, they have a standard contract.

MR. SHAPIRO: I'm suggesting we stay with a standard contract, it's just a reference point that is very different from your evidence of coverage.

There are other issues besides your benefits. There's going to be utilization review, there's all sorts of controversial issues that might be in contract language. So there are differences, and again, I think we've overcome, nobody has to sell these reference packages, you simply have to use them as a comparative tool for buyers.

CHAIRMAN ENTHOVEN: Ron.

MR. WILLIAMS: Yeah. Two issues. One is that I just want to challenge many of the recommendations that we talk about managed care, but I think we think about the HMO and I'd be interested if we talk about the large employers, how many of you have standard contracts and standard coverage for your PPO. I can tell you not a one here, I'd be very surprised if they did. So I think there's a duality in our thinking.

And I think what's very important about these comparisons is that because companies do have different benefit levels, we administer multiple thousands of different plans, not in terms of medical benefits but different in terms of performance standards that the employer may ask for. And the question means that every time someone asks, I've got to do a comparison of 4,000 different documents. And the question is where is the economic value for the consumer as opposed to simply increasing the overall cost of service?

So I think that a lot of these things make a lot of sense relative to one kind of product in managed care and not necessarily to the broad base of the product.

CHAIRMAN ENTHOVEN: Steve, did you have -- you were on the list.

MR. ZATKIN: I already talked.

CHAIRMAN ENTHOVEN: Okay.

Mr. Rodgers.

MR. RODGERS: I think there is value in focusing on what the consumer needs to evaluate a plan that they are going to choose separate from what the employer needs to have an understanding of what's contractually in their contract. If we can separate these two, I think we can get votes on each, but not include them together in one recommendation.

That there is value to have a standard reference model for the consumer to know this is a basic plan and basic plans always have this in it and if they're saying that this is a basic plan, you should be able to get those things and they can compare that or whatever model.

Right now a consumer doesn't know if he's getting a comprehensive plan because there are no standards or standardization in that respect. So I would say one recommendation should be that the consumer should have reference models that they can look to say this is what the industry says is a basic plan versus midrange plan, et cetera.

Then the contractual models, I think we should discuss that separately because that's a different issue.

MR. ZATKIN: You described No. 2, correct, a basic model?

MR. RODGERS: Yeah.

CHAIRMAN ENTHOVEN: Helen, did you have your hand up?

DR. RODRIGUEZ-TRIAS: I basically agree with him. I think we have to separate them, make it clear.

CHAIRMAN ENTHOVEN: Okay. Michael Karpf.

DR. KARPF: No.

CHAIRMAN ENTHOVEN: Dr. Northway.

DR. NORTHWAY: I just wonder if what we're saying here is that we're going to tell people we want to standardize the benefit package but, oh, by the way, the contract says we're not going to pay for any of it. Here's the benefit we're offering, but in the fine print of the contract saying we won't pay for it. That would make me somewhat nervous. I'm not saying that happens, but if that does happen, that's really a fraud on the people. They think they're getting the coverage, you are, you have access to it, but you have to pay for all of it. And I'm not sure that's what we're trying to do here.

CHAIRMAN ENTHOVEN: I suppose in defense of the other side here you can say all contracts have to be approved by DOC and there is language in the Knox-Keene that says there have to be fair dealing or something like that.

MS. FINBERG: Your example was a good one on that issue, they can be very misleading. Is

it my turn to talk yet?

CHAIRMAN ENTHOVEN: We just moved you to the top of this list here.

MS. FINBERG: Thank you. I think that standardization is very important for consumers when the individual is the purchaser as well as the employer because I have a choice that my employer gives me and I have to choose among those plans as well. So I think there are various levels, but the consumer is interested in both.

And I think that the standardization is critical for analysis. And the auto analysis is a good one for my organization. We have an auto price service, we're able to do that because it is standardized. We do not yet have a health plan price service. But if we move towards standardization, we would be able to analyze those plans and compare them adequately for consumers. So I very much support the idea of standardization. It doesn't seem that arduous. I would like to see them mandate it, but they're not in this recommendation, and so I think that it's not a very arduous task.

I think it is key to have the word "contract" in there to have the whole story. We could have a matrix, but it might be misleading, so we don't want a matrix. We want the actual contract which describes the coverage, the benefits and the services that are being offered.

CHAIRMAN ENTHOVEN: Jeanne, would it meet your goal and still meet Ron part way if consumers unions had the standard, and took on the job of analyzing these various contracts because Ron was making the point that they issue thousands of contracts and if each one has to be compared to a standard, that's going to add a lot of paperwork.

MS. FINBERG: Well, we were able to work with the Medi-Gap policies when they developed 10 policies and those are required. We think 10 is too many, but it gives us a basis. It isn't enough for us to develop the standards, it has to be industry standards. It could be that the industry will reject these standardized policies and not offer any of them. They will have A plus one, two, three, four, five, six, seven, eight, nine, ten, so it will not work. My hope is that we do move towards standardization so we're able to compare.

CHAIRMAN ENTHOVEN: Thank you.

Les.

MR. SCHLAEGEL: I just want to comment on PBGH does have model plans. But to the extent they may say does this plan cover durable medical equipment, yes, but that next level is where we start having trouble. For some of those plans it's crutches, for some of those plans it's crutches, iron lungs, tanks, what have you. And for other plans it's all those. But there's a co-pay. And that's

where it's both the health planning, the consumer and the employer gets concerned because I get the complaints that you said in your comparisons durable medical equipment was covered. And I think it does have to go into each of those levels for comparison in standard language. If you have durable medical equipment it means -- and because Department of Corporations hasn't done that, the Health Services Advisory Committee of PBGH is starting to look at that language. The language gets developed, it goes to each of the health plans, the lawyers review it, they come back and say they can't accept it.

MR. ZATKIN: Does that relate to the contract itself or the evidence of coverage?

MR. SCHLAEGEL: It's actually both because the consumer, the employee, comes and says my evidence of insurability says this by contract refers to the evidence of insurability.

CHAIRMAN ENTHOVEN: I feel that we've had an excellent discussion, but it's time to move on this if we can. I'd like to ask for a straw vote on Michael's and Rebecca's modification and the amendment that they propose and the amendment that John Ramey and others oppose.

So the new language would read "the governor should direct the --

MS. FINBERG: -- state agency is charged with regulating managed care."

CHAIRMAN ENTHOVEN: Yes.

"The state agency that is charged with regulating managed care or agencies to adopt a proactive policy towards the development of standard coverage models that emphasize clarity of language and structure of benefits in order to enhance comparability by purchasers and consumers."

Sorry.

DR. RODRIGUEZ-TRIAS: That covers it all.

CHAIRMAN ENTHOVEN: And that can be used by buyers and sellers by reference and health plans can offer on a fast track basis through the regulatory process.

So just a straw vote on how many favor.

MR. LEE: Of the main concerns I've heard about from those opposing it is that that description wouldn't capture exclusions cost related if we can add in there to include a description of specific items covered, exclusions and related costs, then I think we're getting close to addressing both of the issues.

MR. WILLIAMS: I think that's 3(a).

MR. LEE: All right.

CHAIRMAN ENTHOVEN: All in favor of the

amendment raise their hands, please.

MS. SINGH: Actually and, members, just realize this is just a straw vote because there isn't a motion on the floor.

MS. BOWNE: I made a motion.

MR. WILLIAMS: I seconded it.

MS. SINGH: All right. Motion to adopt as amended.

MR. PEREZ: As stated.

DR. RODRIGUEZ-TRIAS: Question on the motion?

CHAIRMAN ENTHOVEN: May I read it again, would that help?

DR. RODRIGUEZ-TRIAS: On the meaning of it. This does not exclude using the contract templates or models? It just speaks to both?

MR. ZATKIN: It says "covers models" which is a very broad term.

MS. O'SULLIVAN: They don't have to do the contract under this language.

MS. O'SULLIVAN: How does that get fast tracked with the DOC.

MS. BOWNE: The DOC isn't approving anything. That's a PPO anyway.

CHAIRMAN ENTHOVEN: But for the things that the DOC does regulate.

MS. DECKER: The agency that is approving managed care plans its directive will give

this fast track status. I don't understand how this works.

CHAIRMAN ENTHOVEN: The idea is that DOC will say, well, we've seen this contract before we've call that contract A(1).

MS. DECKER: But it's not a contract.

MR. SHAPIRO: The elements of the contract, they don't have to review again, doesn't have to be a contract. It could be a standard feature of a contract, it doesn't have to go through de nova review by DOC or whatever, so it doesn't take away from the fast track availability.

CHAIRMAN ENTHOVEN: Well, let me read this once more, then.

DR. KARPF: Could I ask for one clarification?

CHAIRMAN ENTHOVEN: Yeah.

DR. KARPF: What is the alternative? Is the alternative much more restrictive languages in contracts?

CHAIRMAN ENTHOVEN: If the amendment fails, then I would ask for a straw vote on the original.

DR. KARPF: Can we take a straw vote on the original first and then on the amendment because I suspect that some folks if we cannot get an adequate vote on the original, people will be interested in voting the second.

MR. LEE: Vote for the more restrictive vote first.

CHAIRMAN ENTHOVEN: If that does not pass then we take the --

DR. KARPF: Some of us will vote for both and some of us will not vote for one or the other.

CHAIRMAN ENTHOVEN: Then let's have a straw vote on the words as --

MS. SINGH: -- originally proposed.

CHAIRMAN ENTHOVEN: -- originally proposed, yes. All in favor?

MS. SINGH: It would pass. 16.

MR. PEREZ: Even though that was enough to pass, let's still take a straw vote on it. It's not binding, it's a straw vote.

MS. SINGH: So take a straw vote on the amended version.

MR. LEE: But the amended version, are we voting on that if that one weren't passed?

MS. FINBERG: Good question.

MR. PEREZ: That's the problem with straw votes.

MS. SINGH: Yeah, that's the problem with straw votes. Members, what you can do is --

MR. LEE: The reason for the straw vote which Michael suggested is a very good one which is we were voting on a less restrictive first. And

that's somewhat misleading because many of us would have voted for the less restrictive if the more restrictive weren't passed. From that straw vote now I'm informed, I'll probably vote against the amended version on the table so we can go back to what was originally -- the original is more restrictive.

MS. BOWNE: You know, I would like to suggest that as we go through the day and the weeks there are going to be many issues that people don't really care about, others that they care somewhat about and others that they care viscerally about. Okay. And I think that all of this has to be shaped and conditioned as we work together to try to come to good recommendations for the benefit of the people of the state that are undergoing managed care.

And I would suggest to you as you think about these votes that we try to work together to come to midcourses that meet the spirit and the needs of bringing all types of insurers from indemnity, PPO, HMO into conformance with something that moves the process along that can be lived with but not as so restrictive that you have far less choice in the end run because you drive businesses out.

CHAIRMAN ENTHOVEN: We have to have a formal vote then. Do I hear a motion?

MS. SINGH: We already have a motion. That motion's been seconded.

CHAIRMAN ENTHOVEN: Would all members

in favor of recommendation 1 as --

MR. PEREZ: As previously stated by the chair.

MS. FINBERG: So in other words, what's printed here?

MS. SINGH: No. Members, what you'll be voting on at this point in time is the recommendation with the penciled edits that the chairman read previous to the straw vote. Those were informal amendments to this recommendation No. 1. So it's the recommendation as currently proposed. So those in favor, please --

MS. BOWNE: Excuse me. Which are we voting on?

CHAIRMAN ENTHOVEN: The governor should direct -- the governor should direct the state's agency that regulates managed care plans or agencies to adopt a proactive policy toward the development of standard reference coverage contract that can be used by buyers and sellers by reference, that health plans can offer on a fast track basis through the regulatory process.

MS. FINBERG: You just said "contract," is that what you meant to do?

CHAIRMAN ENTHOVEN: Yeah. Contracts.

MS. BOWNE: Excuse me, you have us thoroughly confused.

CHAIRMAN ENTHOVEN: Excuse me. The

amendment did not pass.

MS. SINGH: Members, we took a straw vote on the original recommendation No. 1. That was simply a straw vote so let's just eliminate that completely from the table.

What the chairman is reading to you is now recommendation No. 1 which we'll be voting on.

MR. PEREZ: May I clarify? Isn't what we should be voting on one -- No. 1 as modified by Rebecca and Michael?

CHAIRMAN ENTHOVEN: We did vote on that.

MR. PEREZ: No, we didn't. That's what's before us because that is the only thing in the form of a motion.

MR. RODGERS: That's right. Absolutely.

CHAIRMAN ENTHOVEN: All right. So we'll vote on that. The modified version, okay. Thank you.

MS. SINGH: Does everyone know what the modified version is?

CHAIRMAN ENTHOVEN: All in favor of the modified version please raise your hand.

MS. SINGH: The motion fails with 10 votes.

CHAIRMAN ENTHOVEN: Opposed?

MR. LEE: Do we need to do opposed?

MR. PEREZ: Mr. Chairman, I move No. 1 as presented in the document before us.

MS. FINBERG: "The state agent or agencies charged with" --

MR. LEE: And amended to say "fast track" instead of "without new approval."

CHAIRMAN ENTHOVEN: Now it says:

"The governor should direct the state's agency that regulates managed care plans or agencies to adopt a proactive policy toward the development of standard reference coverage contracts that can be used by buyers and sellers by reference that health plans can offer on a fast track basis through the regulatory process."

All in favor?

MR. HARTSHORN: We're aren't going to have any discussion?

MR. PEREZ: We've been discussing.

MS. SINGH: Everyone raise your right hands high.

CHAIRMAN ENTHOVEN: And opposed?

MS. SINGH: Recommendation No. 1 as modified has been adopted.

CHAIRMAN ENTHOVEN: All right.

The second one,

"The governor and the legislator should direct the state's health plan regulatory agency or agencies to develop a set of five standard reference coverage contracts in each of the HMO, OS, PPO and indemnity product lines for minimal comprehensive that can be used by buyers and sellers for either small groups and individual markets along with explanatory materials to help buyers understand their choices."

MR. PEREZ: And it goes on.

CHAIRMAN ENTHOVEN: Yeah. B, you have it before you.

MR. PEREZ: Can I move the entirety of No. 2?

MS. SINGH: You move to adopt recommendation No. 2?

MS. FINBERG: I second.

MR. LEE: By entirety No. 2, you mean A, B, C, D and E?

MS. SINGH: Discussion.

CHAIRMAN ENTHOVEN: Discussion.

DR. KARPF: May I make a friendly amendment? That in A it read "between and among any plans" so that comparisons not be made with a specific model but can be made between models so

there's a continuum in comparisons.

CHAIRMAN ENTHOVEN: Exactly where were you?

DR. KARPF: 2(a),

"The health plan should be required to publish or provide upon request of employers and consumers to provide a clear and concise comparison between and among any plans."

MS. DECKER: Can I have a friendly comment. I think the second "provide" there is redundant. The one that says after "consumer."

CHAIRMAN ENTHOVEN: Okay. Yeah.

MR. PEREZ: Yeah. So we can strike the words "to provide."

CHAIRMAN ENTHOVEN: Can I just raise a question for your consideration and that is five sort of came out of the air, I think. Did it come out of the air?

MR. LEE: The number of standard reference packages in 2(a)?

MS. FINBERG: We did discuss it, actually.

MR. PEREZ: We had this discussion at the last meeting where we talked about ten models was too many and we came up with five after.

CHAIRMAN ENTHOVEN: Michael.

MR. SHAPIRO: Just an editorial comment. On D we talked about small business is not required, whereas in other provision we talked about buyers in small business and individuals. I'm wondering if you might want to consider anyone that has access to these reference packages.

MS. DECKER: I agree.

MR. SHAPIRO: And suggestion on E on the first line it says "The plan should be required to publish or provide." Should that be "and."

MR. PEREZ: "And/or."

MR. SHAPIRO: Not "and/or." "They should publish it and if you request it, they should provide it." I raise that as a suggested amendment to put "and" so they can't deny you comparison simply because it's published somewhere.

MR. ZATKIN: Question, Mr. Chairman, on Michael's amendment. Could you repeat it again?

DR. KARPF: All it does is adds the words "and among."

MR. ZATKIN: So if Ron has 4,000 benefit plans, he has to be able to write a comparison with respect to each of those and all of the models?

CHAIRMAN ENTHOVEN: And with each other.

MR. WILLIAMS: Uh-huh.

CHAIRMAN ENTHOVEN: That sounds like

infinite complexity. It's just meant to be.

MR. ZATKIN: Even if --

DR. KARPF: The limitation, I think, should be on critical issues. I mean, what I think we're looking for is a matrix of seven or eight or ten critical issues from deductibles to co-pays to length of coverage to major exclusions and here we go from a subcompact to a luxury model as opposed to getting down to the knits and grits of every last issue that gets written into a contract.

MR. PEREZ: And actually, where it says "concise," I mean, the requirement that it being concise actually argues against getting into that knitty gritty of all the minutia within the contract.

DR. KARPF: Is relevant issues that the consumer needs to --

CHAIRMAN ENTHOVEN: I'm concerned, Michael, when you add "and among" if that means Blue Cross has 4,000 plans. I was thinking the idea was you have one you can pick a standard that say how do those relate to that one standard.

DR. KARPF: If you go back to the car industry the consumer's report.

MR. WILLIAMS: The HMO is a very straightforward process. With the PPO plans where employees have all kinds of alternative funding approaches they give you a plan document and they say duplicate this, this is what they want.

So if one employee says I want to see that laid out, we would have the obligation under this to do a complete analysis and compare that. And I think this goes back to confusing the different models. We're thinking about HMOs where it's a very straightforward kind of process. And we're trying to apply it up and down the spectrum as I understand this small employers, individuals and any plan that we prepare on behalf of any employer. And there is no consumer value in the kind of expense we're going to incur and the industry is going to incur.

MR. PEREZ: Procedurally speaking, Michael made two friendly amendments that were friendly to me, and I wanted to see if they were friendly to Peter.

MR. LEE: Yes.

MR. PEREZ: And given that, I would like to separate E out from the rest, I would like to divide the question on two where we take two up to and including D, and then we come back separately and deliberate on E. So I'm asking for a separation on the question.

CHAIRMAN ENTHOVEN: I think that's --

MS. SINGH: Members, is there any objection to accepting the technical amendment in D to say instead of "small business buyers" before you vote on this? Or that's the one technical amendment.

MR. SHAPIRO: Strike "small business."

MS. BOWNE: Wait a minute. No, excuse me. Because that says then that any buyer can collect any other contract health plan offered. Right now there's guaranteed issue in the small market of all available plans, there's not guaranteed issue in either the individual or in the large group market of all available plans, and that's what that language would do.

MS. SINGH: Because there's an objection, then there has to be a motion to include the word "buyers." Just to let you know.

MS. FINBERG: You're saying it would change current law, is that what you're saying? So maybe add a parenthetical saying "without changing current law; without changing the small group market."

CHAIRMAN ENTHOVEN: Ron is raising the question do we need to do this for POS and PPO which are highly variable entities?

MR. WILLIAMS: And for all market segments, we're talking about bringing in an enormous cost.

CHAIRMAN ENTHOVEN: Or just do this for HMOs?

MS. FINBERG: That's why we separated out E.

CHAIRMAN ENTHOVEN: Two itself has HMO, POS and PPO.

MS. BOWNE: And indemnity, it has all of them in there, that's why I was raising the objection to having the standardized contract.

CHAIRMAN ENTHOVEN: Would people be content or satisfied to just confine this to HMOs?

TASK FORCE: No.

DR. KARPF: I think if you need to limit something, you need to limit it to what are the points being compared. Because we just heard from the lady that's doing the research that most folks don't understand what they're getting covered under any kind of product, and this is one thing that they've got to understand. So they may want comparisons between a standard HMO product and an HMO point of service product, and this is one way of making those comparisons a bit more obvious.

CHAIRMAN ENTHOVEN: Okay. Well then, let's take a vote on 2(a) through (d).

MS. SINGH: As written.

MR. LEE: Problem on D. I think that the intent here was not to change current law. And if there's clarifying language that Rebecca could offer to 2(d) that you could submit on D before we go on.

MS. BOWNE: No. I'm just saying the language as it stands is okay.

MR. HARTSHORN: Alain, I've been trying to talk here for a minute. It seems to me that I

know we're the Managed Care Task Force, but we should be concerned about all consumers in California. I know we're the Managed Care Task Force, and now we've restricted under our recommendation, one, to basically the HMO industry.

MS. FINBERG: No. We rejected that.

MR. HARTSHORN: You said anybody that excluded the agency or only included the agency that regulated the managed care industry. And you've got lots of other products out there that are not regulated by the Department of Corporations. So we're going to be setting up an unlevel playing field here, not only for expense, but for the consumer, for the buyers of just products that are under the DOC and now we're expanding it to talk about HMOs, PPOs, point of service and indemnity. So it seems like we're being inconsistent here.

So I think, one, I always think we need to have a level playing field and help all consumers.

One of the things we saw in the survey is that PPOs did rate pretty high, but there are still issues with the PPOs and we can't start eliminating some, you know, without thinking it through. And with using separate language it gets too restrictive.

MS. SINGH: Is there a motion to amend that then?

MR. HARTSHORN: To me it's just

confusing. Yeah, I think we have to make sure that we're after comparisons for the consumer for all types of plans because you can still have a buyer offering an indemnity plan and an HMO plan and they'll get a comparison on the HMO but they won't get one on the indemnity.

CHAIRMAN ENTHOVEN: Well, let's see the words as it stands now nit says: "The state's health plan regulatory agency or agencies" so that's --

MR. HARTSHORN: I think Jeanne added --

MS. SINGH: That was changed in recommendation one.

MS. FINBERG: So I'd like to change it, then, to not have that limitation so we could say "which regulates health insurance."

MS. SKUBIK: Health coverage.

MS. FINBERG: Health coverage. Because I agree. I didn't mean to do that.

MS. O'SULLIVAN: There should be a statement about that somewhere in here too.

DR. ROMERO: Could I suggest that we stipulate that any references to the regulator in any paper outside of the regulatory recession paper later will have to be harmonized with the decisions you make on that paper.

TASK FORCE: Yes.

CHAIRMAN ENTHOVEN: Now we have:

"The governor and legislature should direct the state agencies that regulate health coverage."

MS. SINGH: Is there any objection to that technical amendment?

CHAIRMAN ENTHOVEN: Okay.

"To develop a set of five standard reference coverage contracts at each of the HMO, PPO, POS and indemnity product lines for minimal comprehension that can be used by buyers and sellers and small group and individual markets along with explanatory materials to help buyers understand the terms."

Okay.

MS. SINGH: So now, Mr. Chairman, you're asking for a vote on recommendation No. 2(a) through (d) with the technical amendment that the chairman just read.

CHAIRMAN ENTHOVEN: All in favor?

Those opposed. One, two, three, four, five.

MR. LEE: Does that pass?

MS. SINGH: Yeah. Adopted. The recommendation's adopted.

CHAIRMAN ENTHOVEN: Now we move to E.

MR. LEE: Just a point of information, not on E, but there were given this topic is supposed to have an hour, we're about five minutes over. Just takes time away from later discussions. We need to move along but still give it due consideration so just to --

MS. SINGH: Motion for 2(e)?

MR. PEREZ: It's already been moved. I just separated the question. I just moved it as it is with Michael's amendment.

CHAIRMAN ENTHOVEN: So they could fulfill the requirement either way.

MR. ZATKIN: It was moved with his amendment.

MS. SINGH: No. 2(e) with technical amendments would read:

"Health plans should be required to publish or provide upon request of employers and consumers a clear and concise comparison between and among any plan they offer in the small group or individual market and one of the reference contracts."

MR. PEREZ: Mr. Chairman, might I suggest that given the debate and the discussion that we had that we take a straw vote on specifically whether or not we should include the "and among"?

DR. KARPF: I will withdraw that if

that becomes too complex. The intent of that was to allow a purchaser to be able to look across the spectrum because I suspect what will happen is insurance companies will not have pure subcompacts and pure family models, but will sort of do, you know, pick and chooses from a variety of different things. So that will still complicate the situation.

CHAIRMAN ENTHOVEN: Right. I think it does add to complexity.

MS. SINGH: Are we going to delete that?

CHAIRMAN ENTHOVEN: So we're deleting "and among."

MR. KERR: What about a straw vote on the "publish or provide" or "publish and provide"?

MR. PEREZ: That's the motion. The motion is "and."

MS. SINGH: I read "or."

MR. WILLIAMS: Is there any suggestion to publish on the top ten or top some number most frequently sold some way so it has to do with what's actively, currently by volume?

MS. DECKER: I think that's a great idea.

MS. FINBERG: No, because what if my choice isn't in that comparison, it doesn't help me at all.

DR. ROMERO: Can I try a formulation

just make that more explicit, a requirement that these be published, these be published for offerings that currently capture, say, 75 or 80 percent of your current customer base. Not an arbitrary number, but something that clearly is offering information for the majority of consumers.

MR. KERR: And provide on request too so it can be that any plan can get it.

MR. WILLIAMS: Then you got to prepare it, print it.

DR. KARPF: I think we're getting caught on technicalities and losing the intent. The intent for a large scope issue so a consumer can become informed in terms of what his co-pays are going to be, what his deductibles are going to be, what length of coverage he has. We are talking about 15 or 20 at the max. Something very similar to Consumer's Report on cars.

CHAIRMAN ENTHOVEN: So how are we now? What's on the table is --

MR. PEREZ: "Publish and provide."

MS. SINGH: Is there any objection to changing "or" to "and" before we vote?

MS. BOWNE: Yes.

MR. PEREZ: That was my motion.

MS. SINGH: I didn't have "and," so I didn't read "and" into the record. I'm sorry.

CHAIRMAN ENTHOVEN: All in favor?

We're just voting on "and."

MS. SINGH: We're voting on 2(d).

TASK FORCE: -- E.

MS. SINGH: I'm sorry, 2(e) with "and," that's correct.

CHAIRMAN ENTHOVEN: All in favor?

MS. SINGH: 16 votes. It's adopted.

CHAIRMAN ENTHOVEN: Opposed?

Now, we're going to go to recommendation 3:

> "The governor and legislature should direct the state health plan regulatory agency or agencies to convene a working group to develop a standard outline and definitions of terminology for EOC and other documents to facilitate consumer comparison understanding."

Include major stakeholders, adopt the consensus by regulation. The idea here is it to get a standard format for the EOCs so if you're reading the EOC for one plan and another one and you want to find out does it cover my routine eye exams, you find it under item Roman numeral IV(b)(1) here. So then you can look up Roman numeral IV(b)(1) in the other and find it. It's a fairly simple idea, but just to make it easier for consumers to work with.

MR. LEE: Move the adoption of 3(a)

through (c) as stated in the material we have.

MR. PEREZ: Second.

CHAIRMAN ENTHOVEN: Discussion?

MR. HARTSHORN: Maybe we didn't limit it, but who is going to represent the small employer and the individual because that's, I mean, we got the big guys here, we need to make sure because that market is a different market. And I would also suggest that we not approve it as by regulation but it actually has to go to a legislative body so that the group consensus doesn't just go to the regulatory agency, it has to be brought to the legislature.

MR. LEE: On the first one as the person who made the motion to add "small employers and large employers" to the list of the working group. On the second I would not consider that one a friendly amendment. I think that could just bog down too much.

DR. NORTHWAY: Would you consider adding on the first part including representatives from vulnerable populations or children?

MS. SINGH: I'm sorry, where would that be?

DR. KARPF: Of the groups.

MS. SINGH: So the working groups should include the major stakeholders?

MR. LEE: Such as small and large employers, health plans, purchasing organizations,

providers, representatives of vulnerable populations and consumer organizations.

Is that okay?

MS. SINGH: Is there any objection to the technical amendment?

MR. LEE: Whether it's technical or not.

MS. SINGH: That's the terminology we have to use, I'm sorry.

MR. ZATKIN: I'm not sure I agree with having the legislature dealing with the EOC.

MR. HARTSHORN: That's fine. You don't have to vote for it. I just think it can be fairly significant, you know. We're going to have a consensus small group tell us, you know, regulatory agency how to make changes so --

MR. PEREZ: Terry, why don't you make that as a motion to amend?

MS. SINGH: Right now it's just a formal motion to amend this recommendation.

Mr. Zatkin, are you objecting to the technical amendment that Mr. Hartshorn proposed?

MR. ZATKIN: Yes.

MR. LEE: I objected.

MS. SINGH: I'm sorry. So then we would need to have a formal motion to amend if that were to be the case. Otherwise we could vote on 3(a) through (c) with -- as originally proposed.

MR. LEE: But a question -- if I could ask a question of Terry.

If the concern is what a consensus is going to achieve is after receiving such input the regulatory agency would adopt the working proposal after appropriate, you know, notice and hearing procedures which, you know, by regulation you have to do that anyway, but to make it clear it's not just we have five people who have a consensus.

Would that help?

MR. HARTSHORN: Yeah. As long as that's part of the process.

MR. LEE: To amending C to state that based on the input from the working group that regulatory agency shall promulgate proposed rule for comment to then be adopted by regulation.

Is that --

MR. SHAPIRO: Can I make a friendly amendment to that?

MS. SINGH: That's actually a --

MR. LEE: I think it is technical because I think if it's actually going to be part of regulation you got to go to that notice process anyway. I think it really is public -- I think it is a technical amendment, but it's helpful to clarify.

MS. SINGH: Okay. So would you mind just reading that for the record? I'm sorry. Because we need to make sure we have it written down

accurately in the paper.

CHAIRMAN ENTHOVEN: The working group it's on B he's got a recommendation to C.

> "When consensus is achieved the regulatory agency should promulgate proposed rules for consideration for adoption and adopt the working group's proposal by regulation."

MR. LEE: It's not "and adopt." It's sort of "shall promulgate proposed language subject to notice and comment proceedings."

CHAIRMAN ENTHOVEN: Okay.

MS. SINGH: I just have a very technical comment to make. When a state agency has the authority to adopt regulations or guidelines and if it is regulations, it has to go through the processes established by the office of administrative law. So there really isn't any way to change that.

MR. LEE: That's why it's a technical amendment.

MR. PEREZ: He's trying to state that to try to address Terry's concern for process.

MR. SHAPIRO: Can I just state, it's a legal point. The regulator might not be able to adopt the consensus if it's not authorized by existing law. In fact, Terry may accomplish that by virtue simply if you don't tell the regulator to do

something, the regulator is bound by Knox-Keene.

You might want to consider as you do in others that the governor and the legislature authorize this process and that it's only adopted if there's a consensus and you go through all these fair process proceedings. But I would think someone could challenge the regulatory document if it's not offered.

MS. SINGH: It has to have statutory authority.

MR. LEE: Technical amendment A, 3(a), "The governor and the legislature should authorize and direct" and then we've got authorization as well as directing.

Would that work, Michael?

MR. SHAPIRO: Yes.

MR. PEREZ: Call the question.

CHAIRMAN ENTHOVEN: All in favor, please raise your right hand.

May I just make one clarifying point. I understand what the five reference packages -- just make sure we're all together on this, the insured question may just pick one of them and use it as their standard.

MS. FINBERG: They could offer zero.

MR. LEE: No. Not just offer, they need to compare to one of the five reference packages. They don't need to compare to all five of

them.

CHAIRMAN ENTHOVEN: Thank you very much. We've completed the recommendations portion.

MS. SINGH: We haven't adopted the finding of recommendations section.

MR. PEREZ: Move the adoptions.

DR. KARPF: Second.

MR. KERR: Call the question.

CHAIRMAN ENTHOVEN: All in favor?

TASK FORCE: Aye.

MR. LEE: Could we clarify what's being voted on is the --

MS. SINGH: -- whole recommendation section.

MR. LEE: Pages 1 through 4 as a whole now is what's being voted on.

MS. SINGH: Those in favor please raise your hands.

Adopted.

CHAIRMAN ENTHOVEN: It's adopted. How many opposed?

MS. SINGH: Any opposed?

MR. LEE: Just people pointed out to me that vote, we had already voted on the recommendation, so you weren't voting on the recommendations, only on the prior stuff.

MR. PEREZ: We were voting on the balance.

CHAIRMAN ENTHOVEN: So now lunch.

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STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I, Katherine Gale, CSR 9793, a Certified Shorthand Reporter in and for the State of California, do herby certify:

That said proceedings was taken before me at the time and place named therein and was thereafter reduced to typewriting under my supervision; that this transcript is a true record of the proceedings and contains a full, true and correct report of the proceedings which took place at the time and place set forth in the caption hereto as shown by my original stenographic notes.

I further certify that I have no interest in the event of the action.

EXECUTED this 25th day of November, 1997.

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Katherine Gale, CSR #9793